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ABSTRACT

Because of the desire to involve students more directly in the learning process, a student's activity book and a teacher's guide were developed to accompany SO 000 572. This guide provides the general framework to be followed in introducing the children to the key economic ideas through the use of activities. It also indicates the relevant sections of SO 000 572 for each economic generalization and provides a series of discussion questions for each of the activities. SO 000 573 is the student activity book. (SBE)

SP 000 574

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TEACHER'S GUIDE TO STUDENT ACTIVITY BOOK FOR THE CHILD'S WORLD OF CHOICES

Grade 2

Iowa Council on Economic Education
Bureau of Business and Economic Research
The University of Iowa • Iowa City

EDO 46839

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Teacher's Guide to

Student Activity Book for

The Child's World of Choices

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1970

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F O R E W O R D

THE CHILD'S WORLD OF CHOICES by Donald G. Davison, The University of Iowa, Iowa City, and John H. Kilgore, Des Moines Public Schools, Des Moines, Iowa, developed in 1968, is a social studies supplement designed to help incorporate economic understandings into the curriculum at grades kindergarten through third. Because of the desire to involve students more directly in the learning process, a student's activity book and an accompanying teacher's guide were developed. The TEACHER'S GUIDE TO THE STUDENT ACTIVITY BOOK provides the general framework to be followed in introducing the children to the key economic ideas through the use of activities. It also indicates the relevant sections of THE CHILD'S WORLD OF CHOICES for each economic generalization and provides a series of discussion questions for each of the activities of the children.

THE CHILD'S WORLD OF CHOICES, the STUDENT ACTIVITY BOOK, and the TEACHER'S GUIDE TO THE STUDENT ACTIVITY BOOK should be regarded as a unified body of material, and their combined use will insure the most effective teaching and learning processes.

Donald G. Davison

February, 1970

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Economic Generalization I

Because of limited income, consuming units must choose which of their many wants for goods and services they will satisfy through purchases in the marketplace.

Before introducing children to the worksheets for Economic Generalization I, teachers should examine carefully material listed below:

1. The Child's World of Choices, pp. 85-86, for a more comprehensive examination of Economic Generalization I.

2. The Child's World of Choices, pp. 87-92, for economic vocabulary and for child-oriented activities.

Through the use of the worksheets and related discussion, children are expected to learn the meaning of a limited number of terms and concepts making up the special "language" of economics. Teachers also should be equally concerned that students are acquiring the more fundamental understandings considered in Economic Generalization I, including the following set of related ideas or understandings:

1. that the household (family) can be visualized as a decision-making unit.
2. that certain of these decisions can be designated as economic.
3. that economic decisions of households arise because of the difficulty or impossibility of satisfying all wants for goods and services.
4. that in the U.S. most economic decisions involve transactions in the marketplace.
5. that marketplace transactions involve the use of money (money income, money prices, money expenditures).
6. that money income and money prices are the major constraints confronting households in their determination of which goods and services to purchase in the marketplace.
7. that households are confronted with two kinds of costs whenever they make a decision to buy a particular good--money cost and opportunity cost.

Economic Generalization I

Activity 1: Free versus economic goods

Directions: Discuss with the children what is shown in each picture. Reading from left to right, the pictures indicate:

1. sunshine
2. automobile
3. stream
4. television set
5. person strolling in the rain
6. bicycle
7. barber cutting hair
8. mountain and clouds
9. dentist filling teeth

Have children put an "F" in the boxes of those pictures which are free goods--gifts of nature. After children have made their selection, classify these goods on the bulletin board under the category "free goods." Children should understand that these goods are free in the sense that they are gifts of nature, are not produced by man, and are not sold in the marketplace. Not all things provided by nature are free goods. Land, including many natural resources, is owned by individuals and may be sold in the marketplace. The "free goods" include sunshine, the rain (but not the umbrella or raincoat), and the mountain and clouds.

Next, have the children put an "E" in the boxes which show "economic goods"--goods which are produced in the home or which are purchased in a store or from some other type of business. Classify these goods on the bulletin board under the category "economic goods."

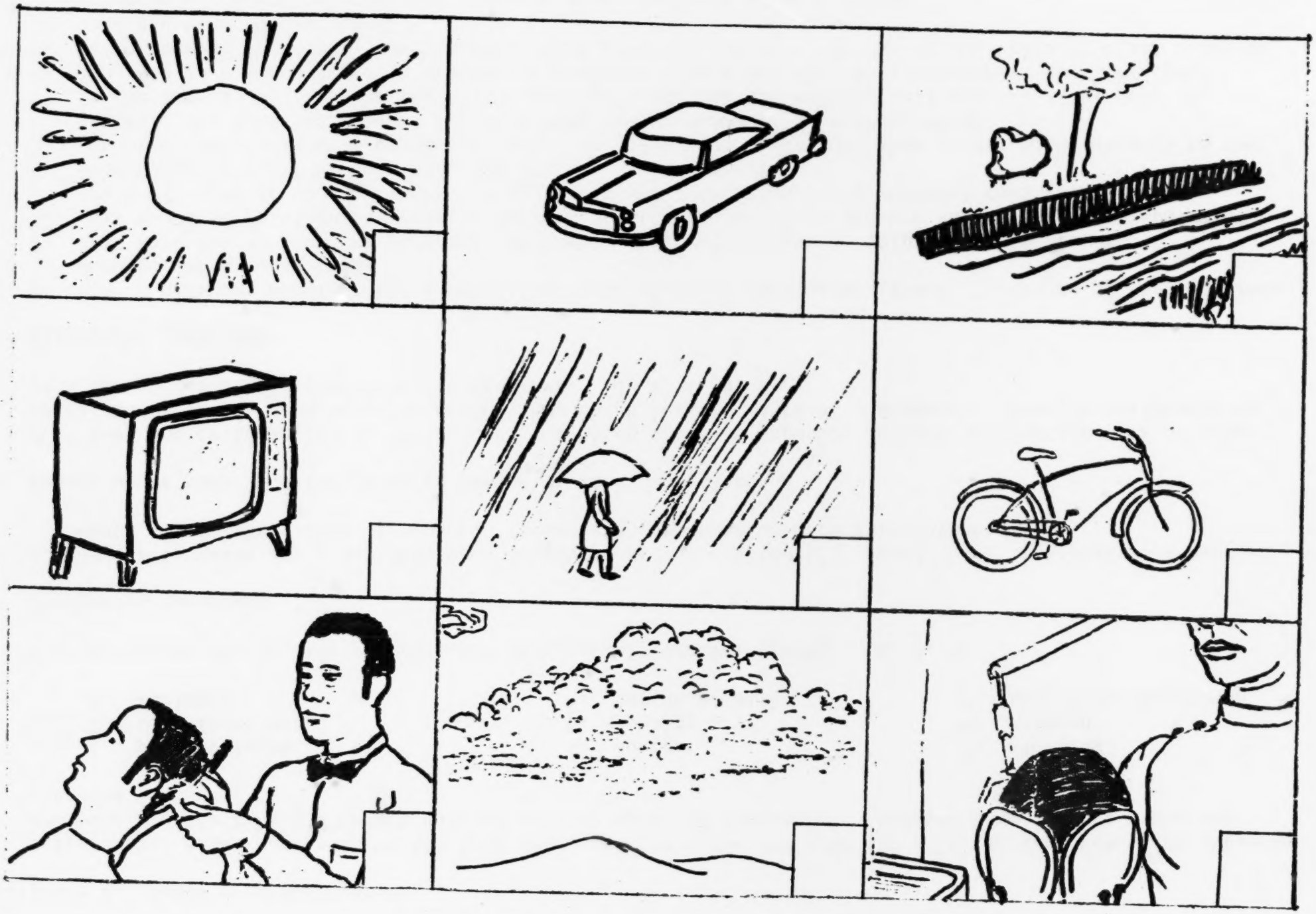
Discussion Questions:

1. Are the hamburgers you eat at restaurants free goods? *(no)* Why? *(they must be made and are sold)*
2. When your mother fixes you a hamburger at home, is this a free good? *(no)* Why? *(Mother must purchase the meat and make the hamburger)*
3. Suppose on an early spring morning you go out and sit in the morning sunshine. Is the sunshine a free good? *(yes)*
4. Suppose in the wintertime you go out and play in the snow. Is the snow a free good? *(yes)*

The children should understand that the amount of goods and services they or their family can obtain in the marketplace mainly depends upon the amount of their money income. While many important things which we enjoy are free, our attention will be focused on those goods and services which we want and which are usually obtained in the marketplace.

5. Do you receive allowances or earn money income for doing simple tasks?
6. What do you do with your money income? Do you use your money income to buy goods and services? *(yes)* Are you a buyer in the marketplace? *(yes)* Are you being served by sellers in the marketplace? *(yes)*

I-1 (Student page 1)



Activity 2: Goods versus services

Directions: After each picture has been discussed, have the children put a "G" in each box which shows an economic good (a tangible object used to satisfy wants of consumers). Reading from left to right the pictures indicate:

1. plumber repairing pipe
2. television set
3. mailman
4. doctor
5. jewelry
6. carton of milk
7. clothing
8. milkman
9. television repairman

Use the chalkboard to list the pictures showing only economic goods. *(2, 5, 6, 7)*

Discussion Questions:

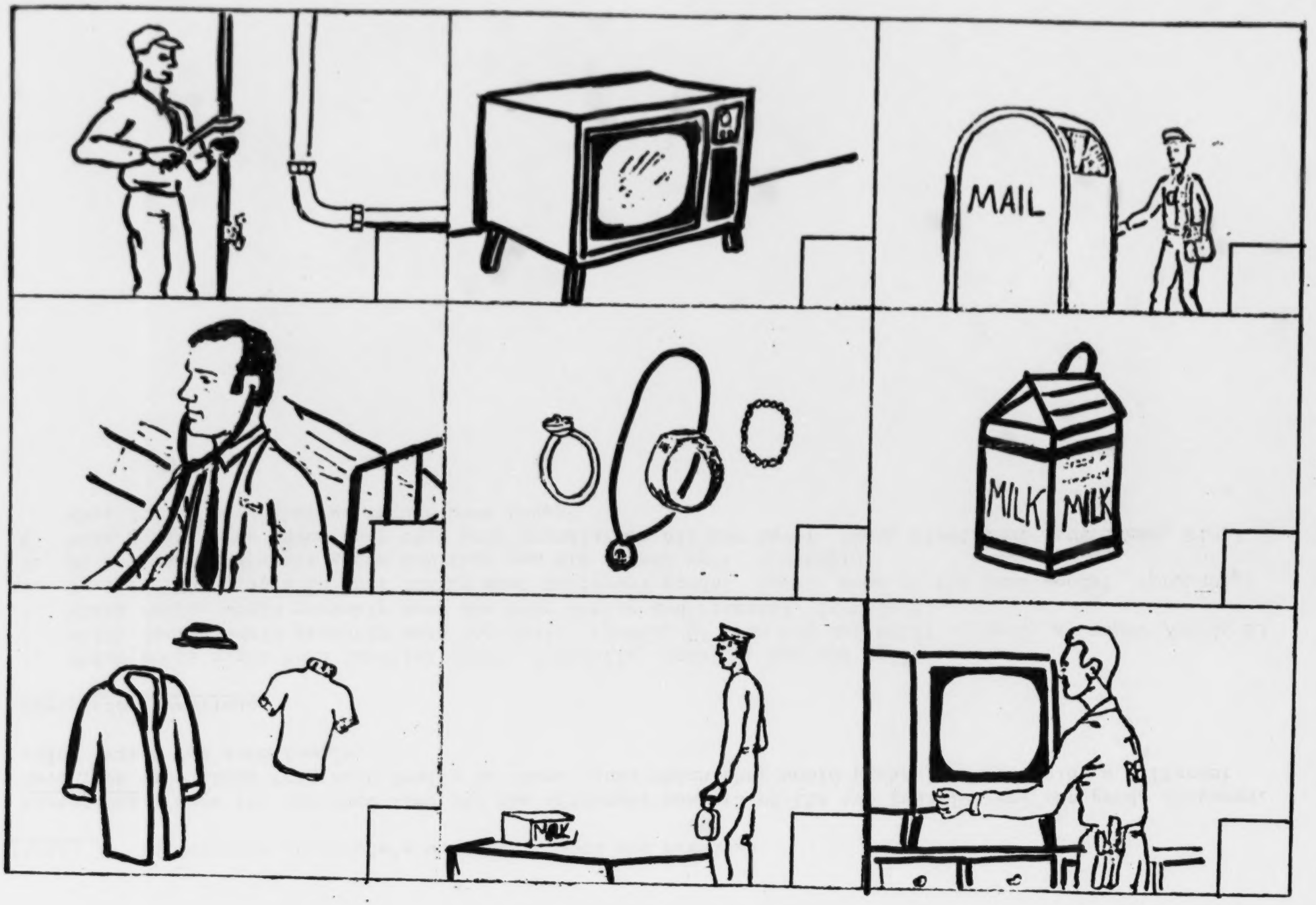
1. Is a television set a tangible good (a good that you can touch)? *(yes)* Does it satisfy a consumer want? *(yes)* What kind of a want? *(television provides us with entertainment)*

Repeat above questions for jewelry, carton of milk, and clothing.

Next have the children put an "S" in each box which shows an economic service (productive acts of labor which do not result in a tangible product but which satisfy vants of consumers). Use the chalkboard to list the pictures that show economic services. *(1, 3, 4, 8, 9)*

Discussion Questions:

1. How do pictures showing only goods differ from pictures showing services? *(pictures of services show workers doing something)*
2. What services do plumbers perform? mailmen? doctors? milkmen? television repairmen?
3. What would we do if our television set would not work and if we did not have television repairmen? *(we would have to do our own repairing, buy a new television, or go without television)*
4. What would we do if we were sick and did not have doctors?
5. How might we obtain milk or newspapers if no one wanted to deliver them to our homes or even to the stores? *(we would have to go to where they are produced or do without them)*
   Is the farmer who produces the milk more important than the man who delivers the milk? *(no)*
   Are they both important even though one produces a good and the other produces a service? *(yes)*
6. Which is most important--the business which produces pills or the doctor who tells us which pills to take and when to take them?
   Are both producers of goods and services very important to us? *(yes)*


MAIL
MILK
MILK
MILK

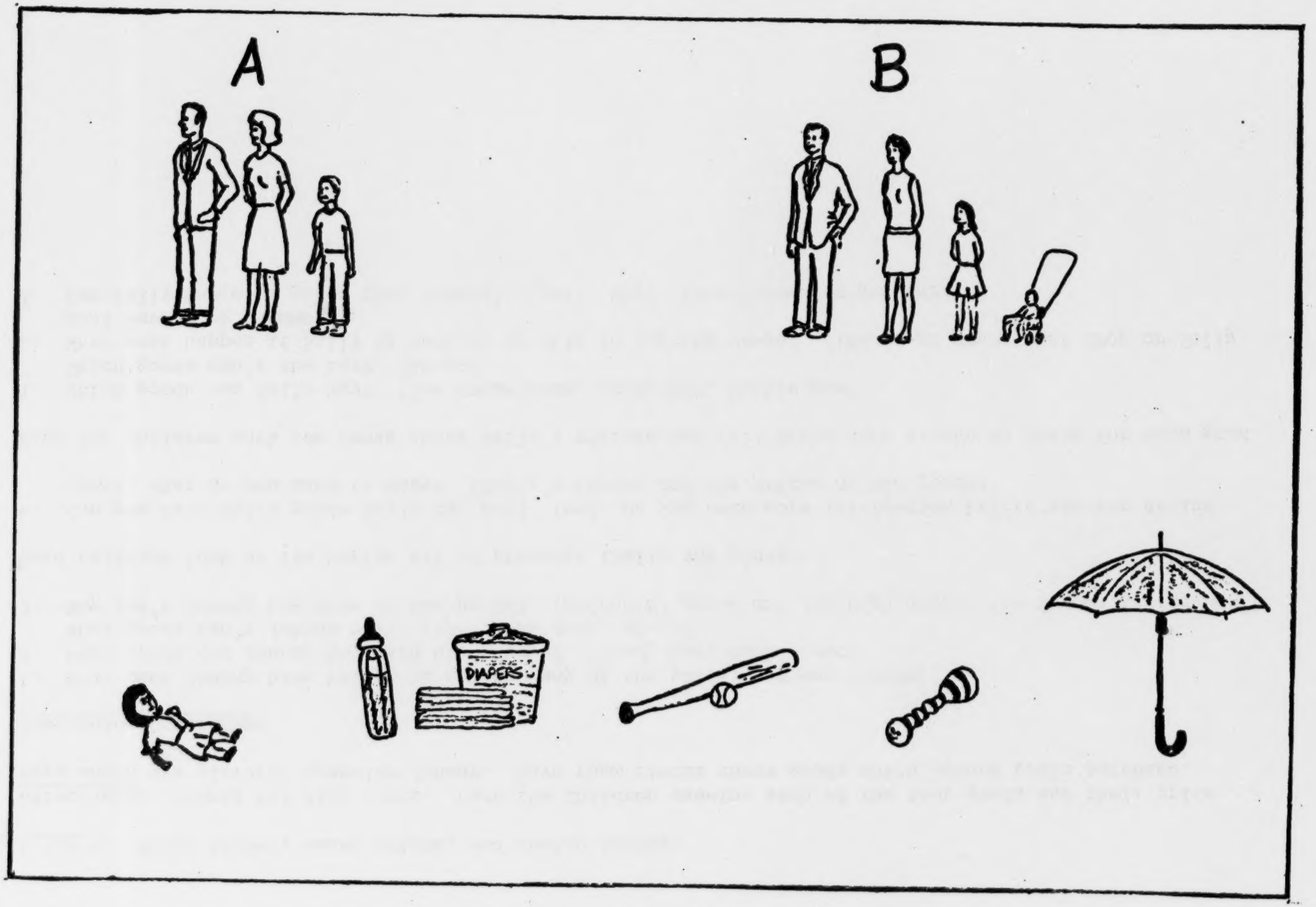
Economic Generalization I

Activity 3: Differences in people's wants for goods and services

Directions: Have the children identify the different members of the two families and the goods pictured. Have them draw lines from each family to those goods which they would probably want, using a different color crayon for each family.

Discussion Questions:

1. Which goods might both families want? *(umbrella, possibly bat and ball)*
2. Which family would probably want the doll? *(family B)* the bat and ball? *(family A, maybe family B)*
3. Which family would probably want the baby bottle and diapers? *(family B)*
4. Do different people in your family want different goods? *(yes)* some of the same goods? *(probably)*
5. Do you want different goods now than you did a year ago? *(probably)*
6. What goods do we have today that your grandfather did not have? *(many electrical appliances, etc.)* What did he have that we do not have today?


A
B
DIAPERS

Activity 4: Money income, money prices, and choice making

Directions: Johnny has five cents. Have the children examine each of the four goods and their price tags which are pictured opposite Johnny. Have them circle those goods which Johnny could purchase.

Discussion Questions:

1. What must Johnny have before he can buy any of the goods? *(money income)*
2. What goods can Johnny buy with his income? *(candy bar, bubble gum)*
   What goods can't Johnny buy? *(ice cream cone, yo-yo)*
3. Why can't Johnny buy some of the goods? *(prices of goods are too high and/or his income is too small)*

Have children look at the bottom set of pictures (Sally and goods).

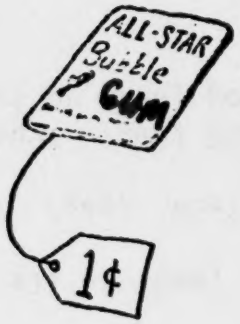
4. Can you tell which goods Sally can buy? *(no)* Do you need more information before you can decide? *(yes)* What do you need to know? *(Sally's income and the prices of the goods)*

Have the children mark ten cents above Sally's picture and fill in the same prices as above for each good.

5. Which goods can Sally buy? *(ice cream cone, candy bar, bubble gum)*
   Which goods can't she buy? *(yo-yo)*
6. What must happen if Sally is ever to be able to buy the yo-yo? *(the yo-yo price must drop or Sally must have more income)*
7. Can Sally buy more goods than Johnny? *(yes)* Why? *(her income is greater)*

5¢

JOHNNY



SALLY

Activity 5: Money income, money prices, and choice making

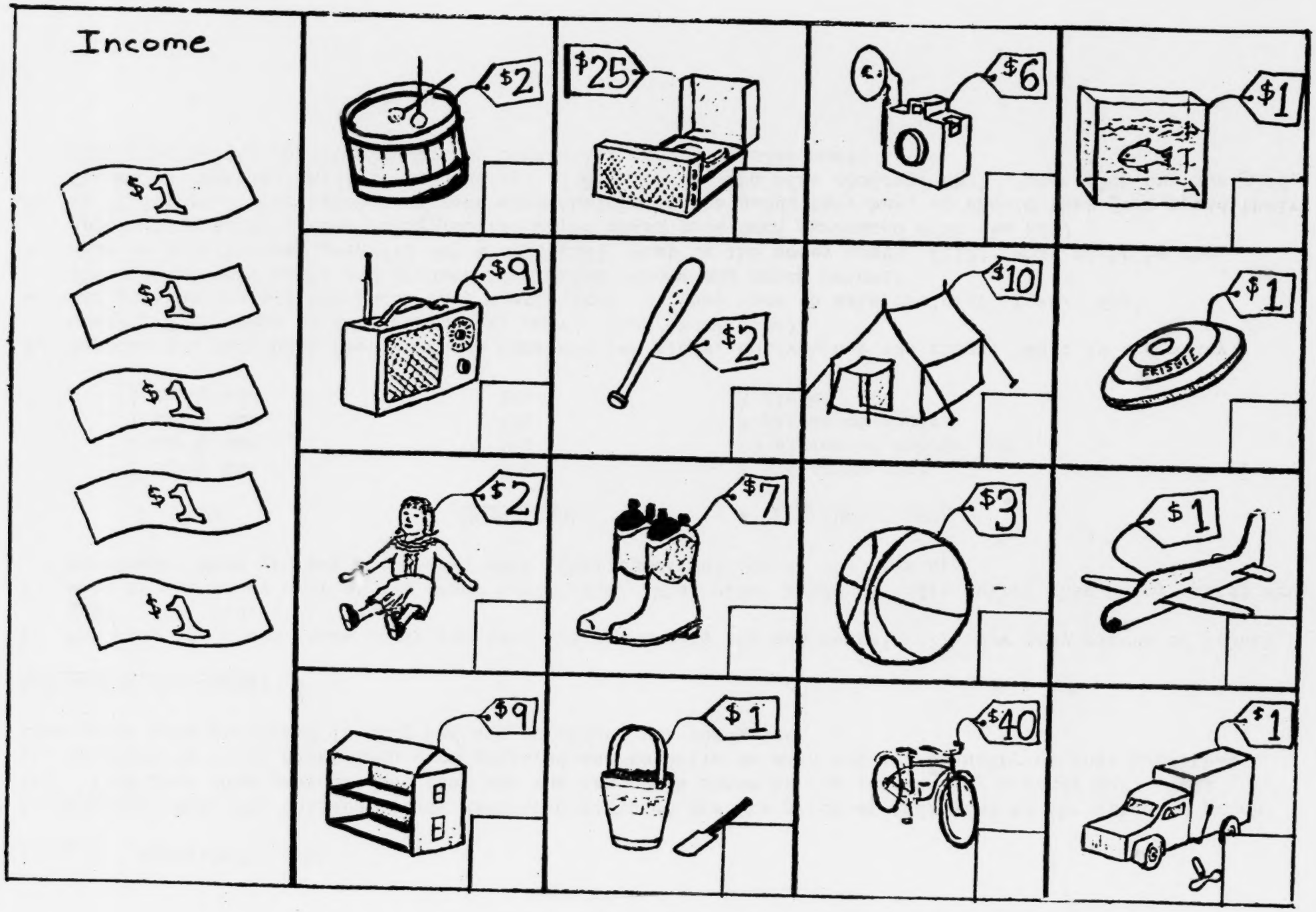
Directions: Help the children identify the goods pictured on the page and the price tags indicating the amount of money which must be paid to purchase them. Have them assume that their income is $5 and that they can spend only that much on goods. Have them cross out all those goods which they cannot buy with $5.

Discussion Questions:

1. Would any of you like to have any of the goods you crossed out? Why can't you have them? *(prices are too high and/or income is too low)*

Have the children indicate how they would spend their income of $5 by putting an "X" in the box next to the good(s) they would purchase and by crossing out the dollar bills at the left as they are spent. Ask the children how many spent some of their income to buy a drum, a fish aquarium, . . ., etc., and list on the chalkboard the number of children purchasing each of the nine items.

2. Did all of you want the same things? *(people do not always want the same goods and services)*
3. Who purchased a drum? How many dollar bills did you have to cross out? *(2)* How many dollar bills did you have left? *(3)*
4. Why didn't you buy all the goods priced at less than $5? *(not enough money income)*
5. If there are many goods that you like but you don't have enough money income to buy all of them, what must you do? *(you must choose)*
6. Do adults (parents) have to make choices of goods they are going to buy and not buy? *(yes)* Why? *(income too limited to buy all the goods they would like to have)*
7. If you have a nickel to spend, do you have to make a choice as to which item(s) to buy? *(yes)* Why? *(you can't buy items costing more than a nickel, and many items are sold for a nickel or less; you want to spend the nickel on the good(s) which you like most)*


Income
$1
$1
$1
$1
$1
$2
$25
$6
$1
$9
$2
$10
$1
FRISBEE
$2
$7
$3
$1
$9
$1
$40
$1

Economic Generalization I

Activity 6: Opportunity cost

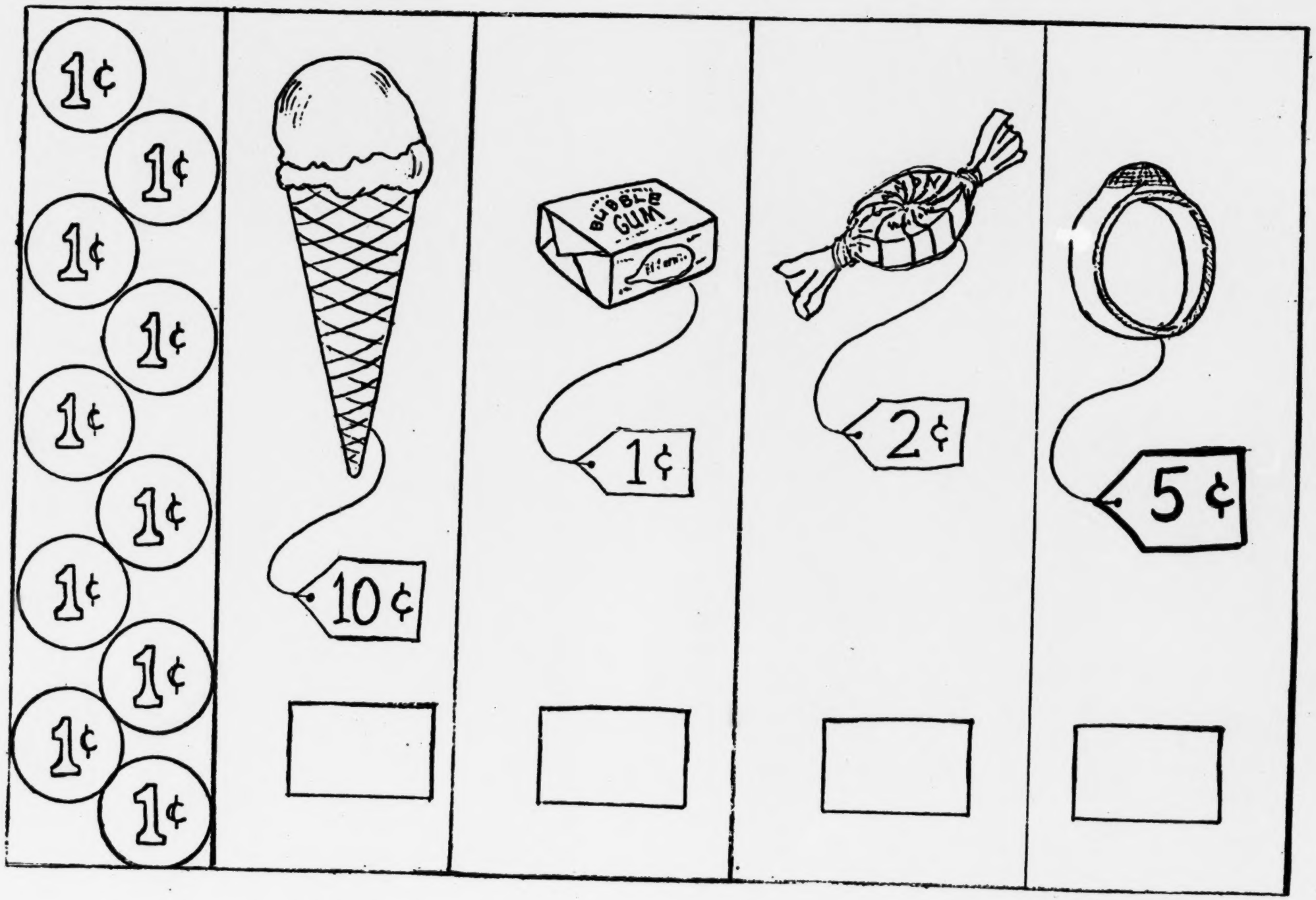
Directions: Have the children study each item pictured and its price as indicated by the attached price tag. Then have them pretend that they use the ten cents shown at the left to buy a candy bar. Tell the children to think about each good pictured and to write in each box the quantity of that good that they could have purchased if they had not purchased the candy bar.

Discussion Questions:

1. How many ice cream cones could you have purchased with the ten cents? *(1)* How many pieces of bubble gum? *(10)* Etc.
2. What is the money cost of the candy bar? *(10¢)* What other kinds of costs (other than money costs) are involved? When you buy the candy, what other opportunities do you give up?

Good	Money cost	Opportunity cost
1 candy bar	10¢	1 ice cream cone
1 candy bar	10¢	10 pieces of bubble gum
1 candy bar	10¢	5 pieces of candy
1 candy bar	10¢	2 rings

3. Suppose you want both the ice cream cone and two rings, but you buy the rings. What is the money cost? *(10¢)* What is the opportunity cost? *(ice cream cone)*
4. Can parents buy all the goods they want? *(no)* Do they have to make choices? *(yes)* Why? *(because of many wants and because of limited income and money prices)*
5. What if your parents paid $10 for a tricycle? What is the money cost? *($10)* What might be the opportunity cost? *(some other good(s) which could have been purchased with the $10)*
6. Is it important for parents to make wise choices in the goods they buy, or should they just spend their income on anything until it is used up? *(they should make wise choices)* Why? *(when they buy one good, they give up the opportunity to buy some other good they also want)*


1¢
1¢
1¢
1¢
1¢
1¢
1¢
1¢
1¢
1¢
10¢
BUBBLE GUM
1¢
2¢
5¢

Economic Generalization II

Scarce resources are required for the production of goods and services.

Before introducing children to the worksheets for Economic Generalization II, teachers should examine carefully the material listed below:

1. The Child's World of Choices, pp. 93-94, for a more comprehensive examination of Economic Generalization II.

2. The Child's World of Choices, pp. 95-103, for economic vocabulary and for child-oriented activities.

The list of economic understandings to be developed under Generalization II and which provide the framework for discussion of children's worksheets are noted below:

1. Most goods and services consumed by households are purchased in the marketplace.
2. Before goods and services can be purchased and consumed they must be produced.
3. Production of goods involves the use of resources (land or natural resources, machinery, equipment, and labor).
4. For the field of economics, resources have two important characteristics: scarcity and versatility.
5. Resource scarcity refers to the fact that there are not sufficient resources to produce all the goods and services people desire.
6. Resource versatility refers to the fact that:
   a. most resources can be used in the production of more than one good, and
   b. most goods can be produced with varying combinations of different resources.*
7. Since resources are scarce, choices must be made between the various goods and services which could be produced.
8. When the choice is made to use resources to produce a particular good or service, an opportunity cost situation exists; i.e., foregoing some other good or service which otherwise could have been produced with the resources.

*Although activities cover the concept "resource versatility," the second grade teacher should place major emphasis on the concept "resource scarcity."

Economic Generalization II

Activity 1: Producers--people who make goods or perform services

Directions: The children should study the pictures and understand what is shown in each. Reading from left to right, the pictures indicate:

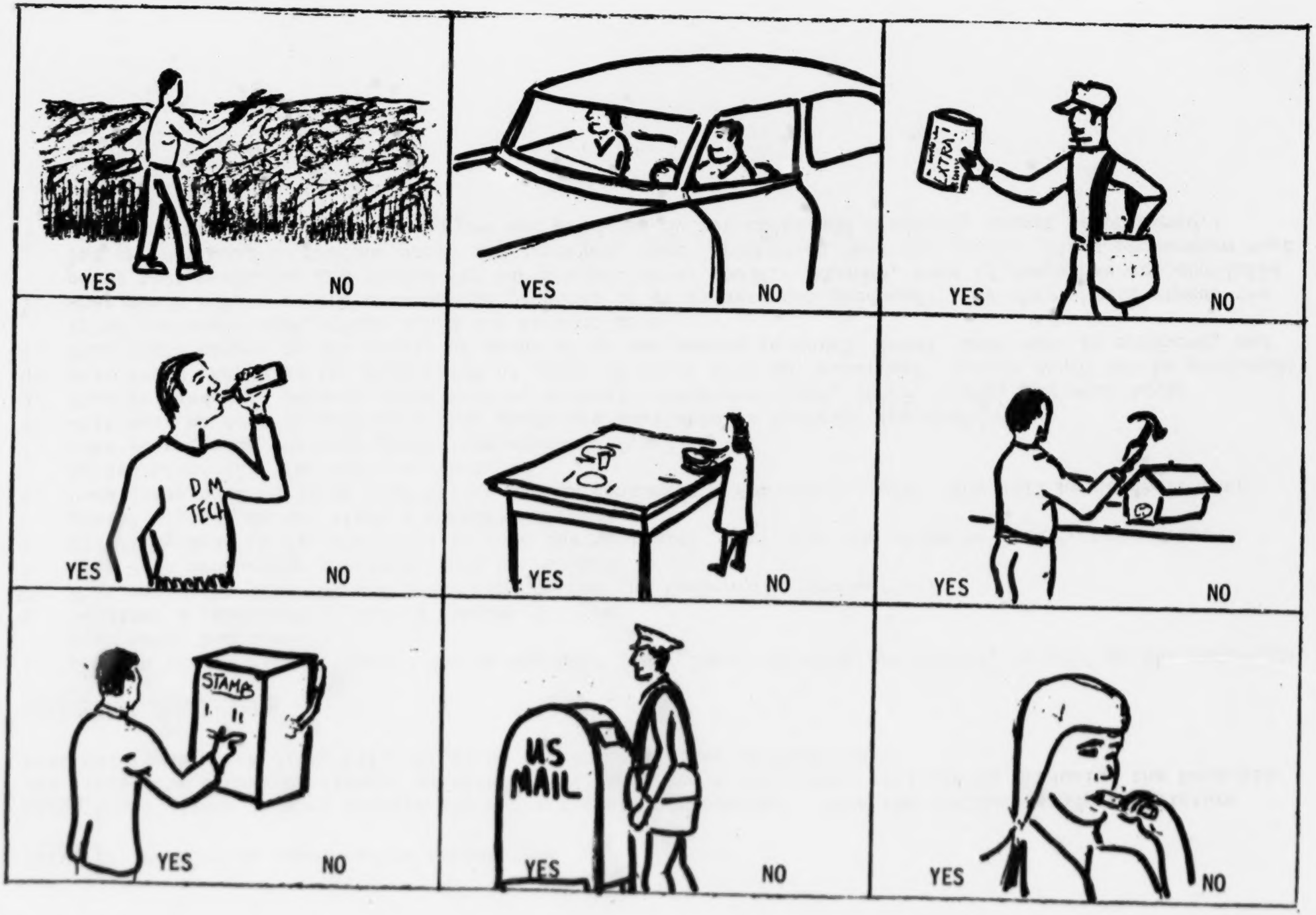
1. man clipping a hedge
2. two people taking a drive in a car
3. boy delivering papers
4. boy drinking pop
5. girl setting table
6. man building a bird house
7. man buying stamps to mail a letter
8. mailman collecting mail
9. girl eating candy bar

Have children circle "yes" in each box showing a person producing a good or performing a service; and circle "no" in the boxes where no good or service is being produced.

Discussion Questions:

1. Which pictures show someone performing a service? *(1, 3, 5, 8)*
2. Which pictures show someone producing a good? *(6)*
3. Which pictures show people acting as consumers? *(2, 4, 7, 9)*
   a. Are all people consumers? *(yes)* Why? *(all people use goods and services)*
   b. Are some people producers outside the home? *(yes)*
   c. Are some people producers only within the home? *(yes)*
   d. Are all people producers? *(no)* Identify some people who are not producers. *(babies, most children, some elderly people)*
4. Whenever a person is doing something, does this mean that he is a producer? *(no, the action undertaken must be considered productive or useful by other people; for example, breaking store or school windows or throwing your clothes on the floor is not considered a productive act, nor are persons performing these acts considered producers)*

II-1 (Student page 7)



Activity 2: Production comes before consumption

Directions: Jimmy is very thirsty and wants a glass of Kool-Aid. Have the children study the picture and circle the resources (labor, materials, equipment, and tools) Jimmy will use in producing the Kool-Aid. List the items which Jimmy will use so he can drink a glass of Kool-Aid.

Discussion Questions:

1. Did you circle Jimmy? *(yes)* Why or why not? *(his labor services are needed, as well as the materials, equipment, and tools)*
2. Is Jimmy a producer? *(yes)* a consumer? *(yes)*
3. What must take place before Jimmy can consume the Kool-Aid? *(production)*
4. What does production involve? *(use of resources)*
5. Did Jimmy need to use the stove to make the Kool-Aid? *(no)* Can the stove be used to make other goods? *(yes)* Is the stove a resource? *(yes)*
6. Does Jimmy need anything else before he can consume the Kool-Aid? *(yes)* How will he drink it once he has mixed it? *(he needs a glass)*
7. Does your family buy many goods from stores? *(yes)*
8. What must be done to make sure that goods are available in stores? *(production)*
9. What is needed to produce goods sold by stores? *resources--land, labor, tools, and equipment)*
10. What would happen to the production of goods if there were no resources? *(goods could not be produced)*
11. What would happen to the supply of goods if no one wanted to work? *(most goods must be produced, and if no one would work, these would not be available)*
12. What would happen to the consumption of goods if goods were not produced? *(Teacher should stress the point that resources are needed for the production of goods. However, even if resources are available but are not used to produce goods and services, then production does not occur. Since production must precede consumption, goods which are not produced do not exist and obviously cannot be consumed.)*

Kool-Aid
SUGAR

Activity 3: Production comes before consumption

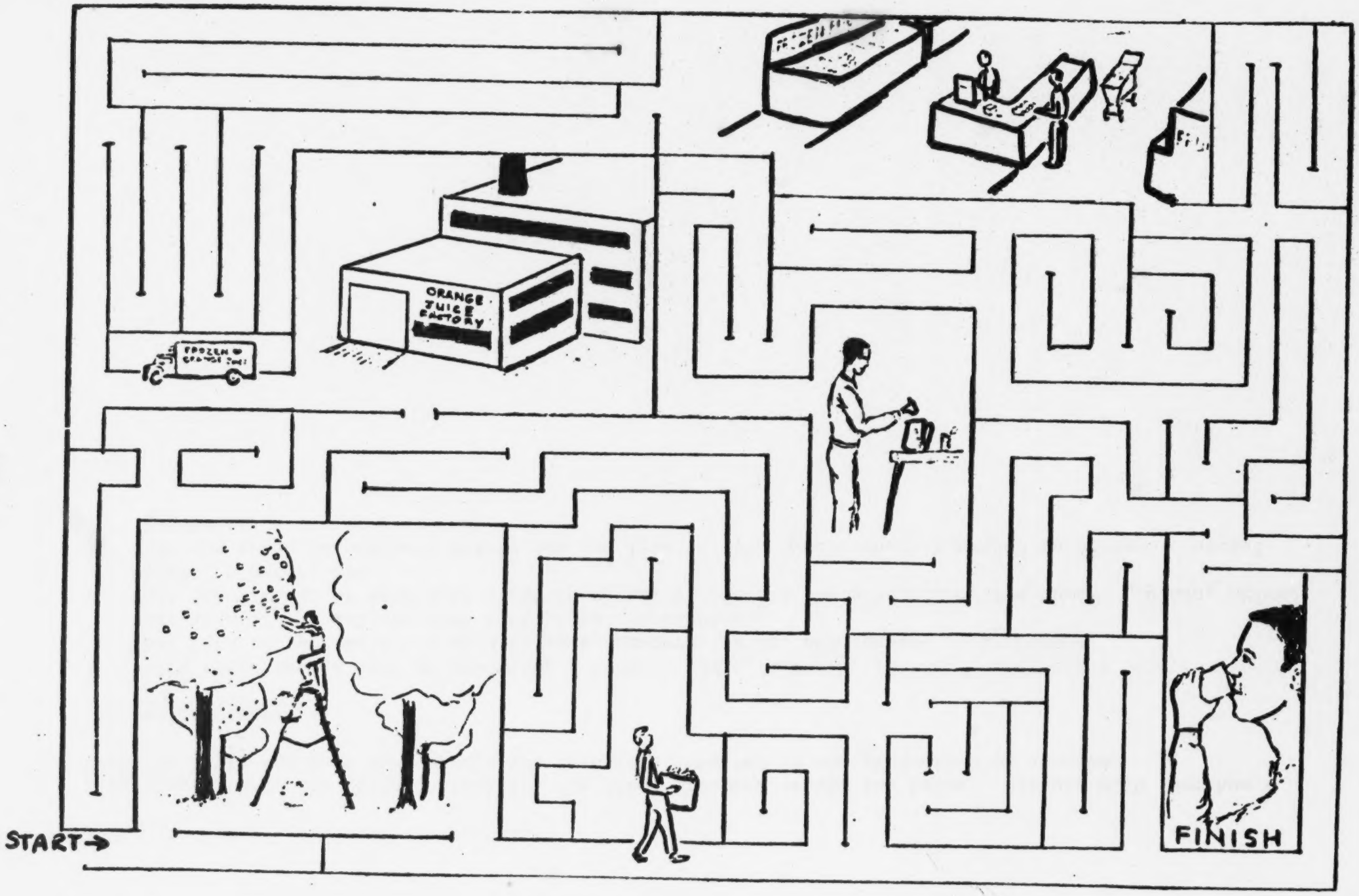
Directions: Have the children follow the maze with a pencil through the steps involved in the production of frozen orange juice.

Discussion Questions:

1. If we buy fresh orange juice instead of frozen, do the pictures change? *(yes)* How? *(oranges must still be squeezed at the factory to make juice, but the juice isn't frozen; juice doesn't have to be mixed, just poured)*
   What if we buy oranges and make the orange juice ourselves? *(don't need the factory, but a truck is needed to take oranges to the supermarket. Instead of mixing the juice, the oranges must be squeezed)*
2. What pictures stay the same no matter what kind of orange juice we have? *(growing and picking of oranges, consumption of juice)*
3. What resources are used by the farmer? *(while land, labor, ladder, and basket are shown, the teacher may discuss the use of fertilizer, insecticides, etc.)*
4. What resources are required to transport the oranges from the farmer to the orange juice factory? *(labor, truck, road, etc.)*
5. What resources are used by the supermarket owner? *(labor, land for building, building, freezer cases, etc.)*
6. What would happen to the consumption of frozen orange juice:
   a. if farmers did not plant orange trees?
   b. if farmers did not pick oranges from the trees?
   c. if transportation were not available?
   d. if people did not build frozen orange juice factories?
   e. if stores did not sell frozen orange juice?

   (orange juice would not be available for consumption)

II-3 (Student page 9)



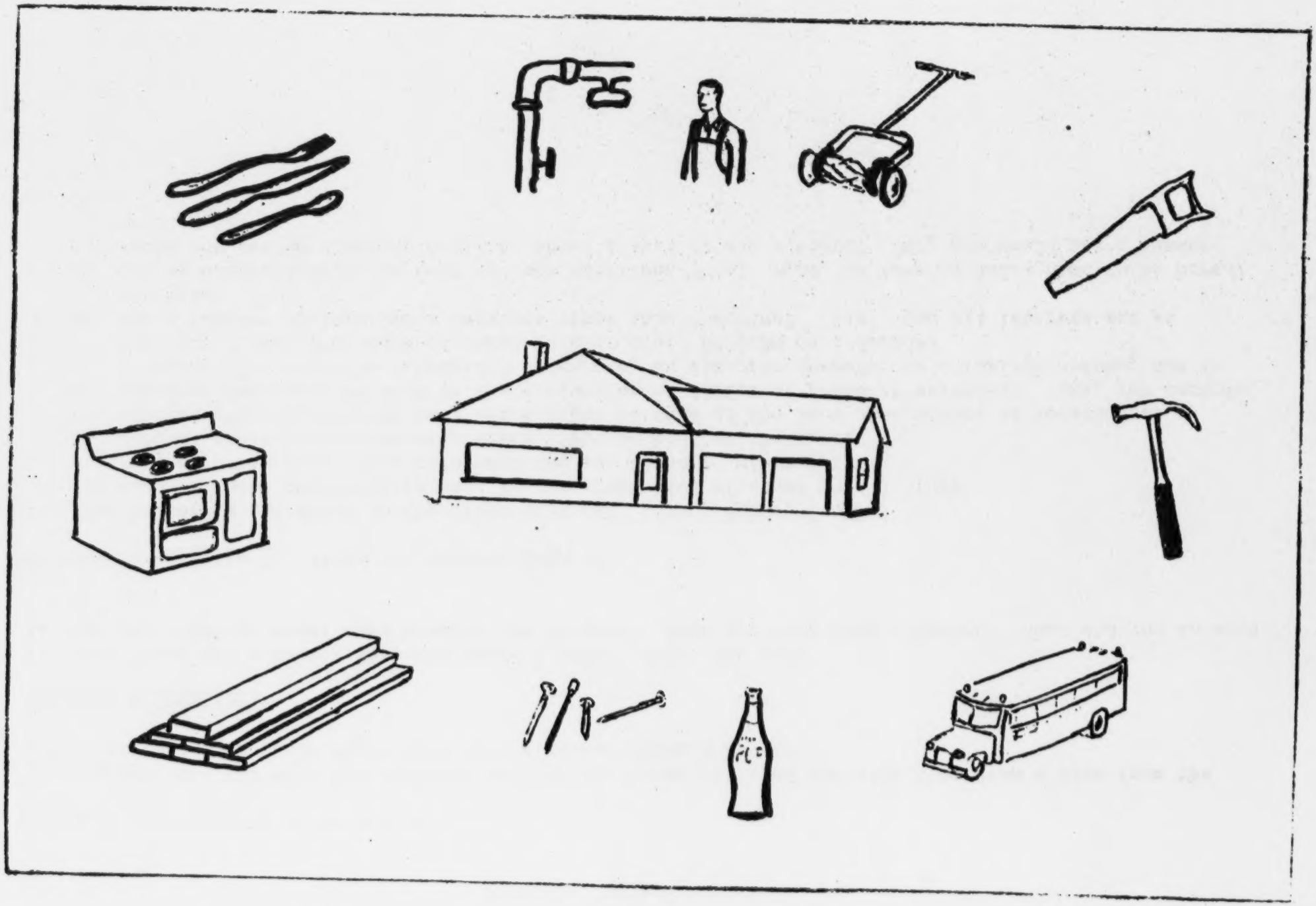
Economic Generalization II

Activity 4: Use of resources in production

Directions: Have the children identify the items pictured around the house. Discuss with them how a house is built and have them circle the resources involved in the production of a house.

Discussion Questions:

1. Which tools may be used in producing a house? *(saws, hammers, lumber, nails, pipes, etc.)*
   What kind of specialists work with saws, hammers, nails, and lumber? *(carpenters)*
   What kind of specialists work with pipes? *(plumbers)*
2. What other kinds of materials (resources) may be used in the production of a house? *(glass, chimney bricks, plaster, etc.)*
3. Must the house be produced before you can live in it? *(yes)* What is needed to produce a house? *(resources)*



Activity 5: Versatility of resources

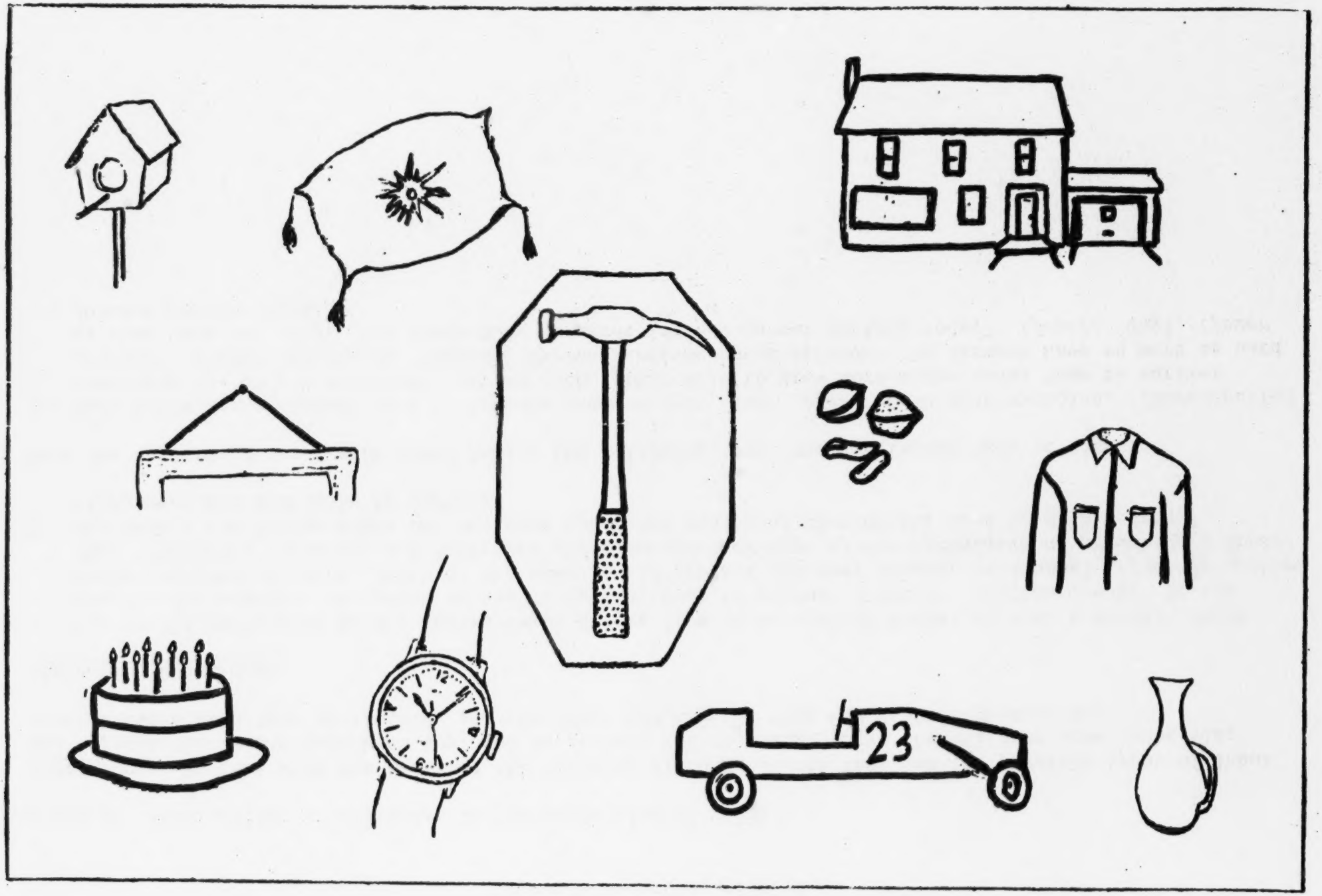
Directions: Discuss with the children each of the items pictured and have them draw a line from the hammer to each item which might have been produced using a hammer.

Discussion Questions:

1. Does Mommy use a hammer when she bakes a cake? *(no)* Why not?
2. Can you think of other ways hammers can be used? Have you ever used a hammer? What did you do with it?

Go back to Activity 3. (Page 21; Student page 9)

3. What resources are shown in the first picture? *(land, labor, ladder)*
   Can each of these resources be used in the production of other goods? *(yes)*
   a. Discuss other productive acts that the man (labor) might perform.
   b. Discuss other productive uses which might be made of the land.
   c. Discuss other productive uses which might be made of the land your school is located on.
   d. Can some resources be used in the production of different goods or services? *(yes, for example, a doctor also could be a hospital attendant, an elevator operator or a taxicab driver; but it does not follow that each of these persons could perform as a doctor)*
   e. Can a teacher perform labor services other than teaching? *(yes)* Can all laborers act as teachers? *(no)*
   f. Can an electric drill be used on many different jobs? *(yes, as long as holes need to be bored)* Would you use an electric drill to pound a nail or saw a board? *(no, you would use a hammer or a saw)*


23

Economic Generalization II

Activity 6: Combinations of resources in the production of goods

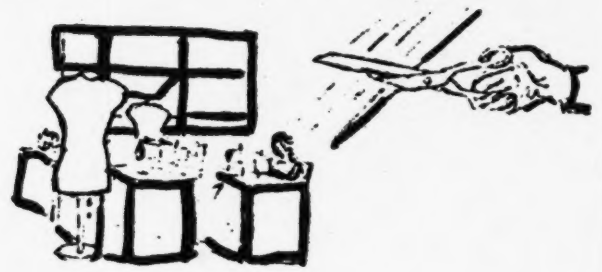
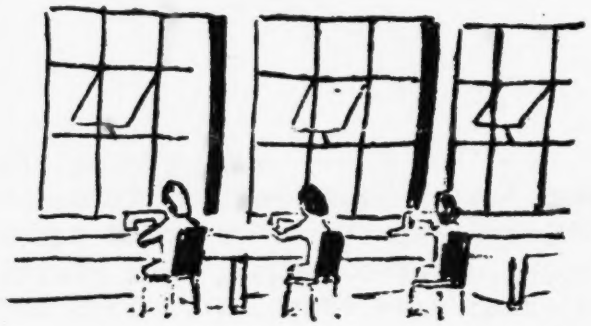
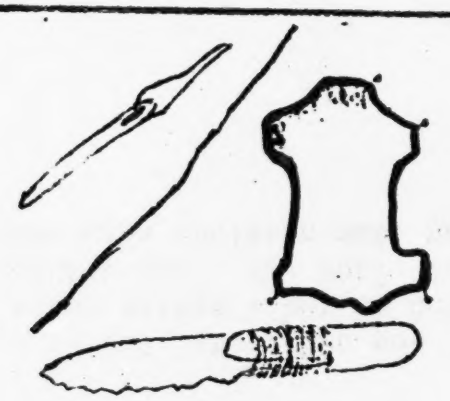
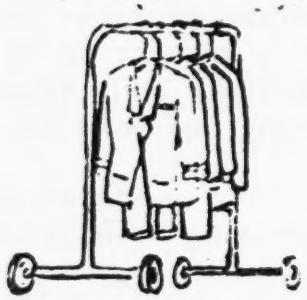
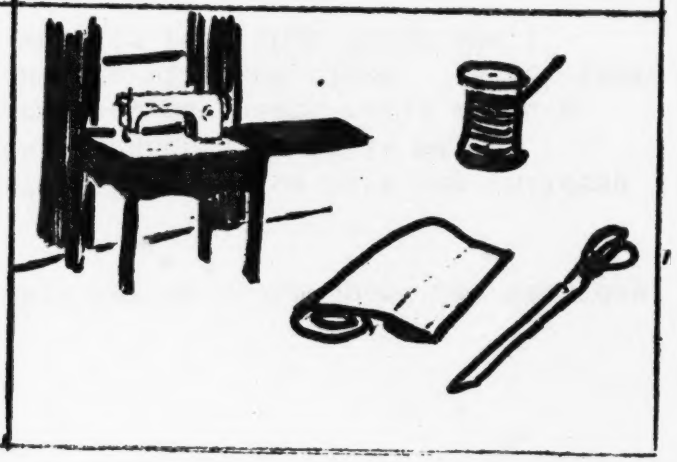
Directions: Discuss with the children the clothing pictured at the left and the possible types of labor and capital that could have been employed to produce the clothing. Have the children draw connecting lines between each type of clothing and the labor and capital that was used to produce it.

Discussion Questions:

1. How do the tools used by the Indian woman differ from those used by Mother to make a dress? *(much simpler and cruder)* Who probably had to work hardest to produce a dress? *(Indian woman)* Of the three examples of labor, which of the women could produce the most dresses in a week? *(factory worker)* Why? *(improved machinery and materials and advanced knowledge of new techniques of producing a dress)*
2. Why didn't the Indian woman use the same tools and equipment that Mother used to make a dress? *(they were not available to Indians)*

Have the children discuss with their family the following questions and report back to class.

3. Have tools and equipment used by farmers changed over time? *(yes)* Give some examples. *(horse-pulled machinery vs. modern tractors)* Why is each farmer able to grow more crops today than in earlier periods? *(modern machinery, improved agricultural techniques, etc.)* Do farmers have to work as hard as they used to? *(no)* Are there more or fewer farmers in our society today? *(fewer)* Why? *(fewer farmers produce more)*

CLOTHING	LABOR	CAPITAL (TOOLS, EQUIPMENT, SUPPLIES)
		
		
		

Economic Generalization II

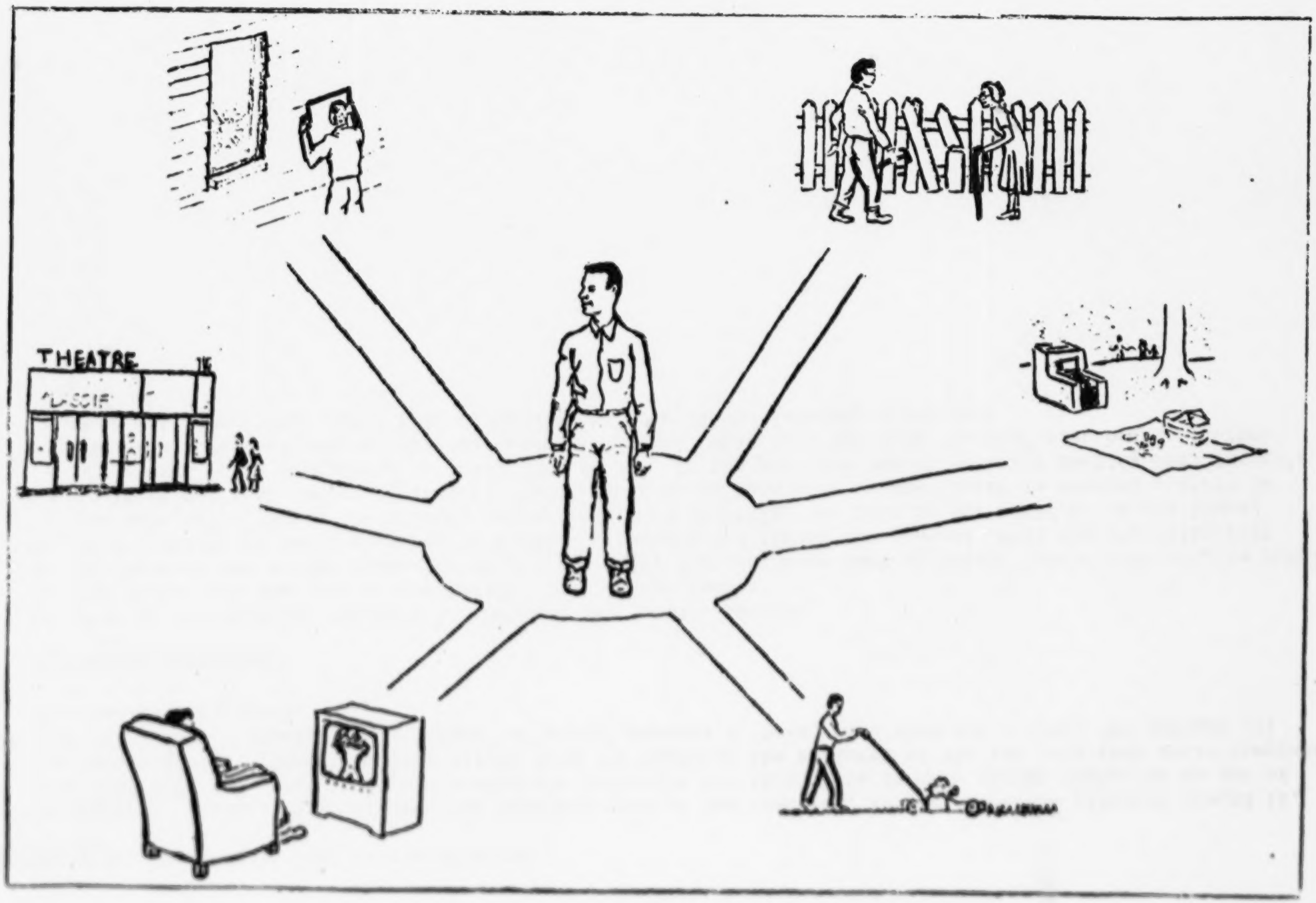
Activity 7: Labor--a scarce resource involving choice making

Directions: Have the class discuss the pictures showing the possible ways Father could spend his Saturday afternoon.

Either have the children discuss with Father how he would use his Saturday afternoon or have the children discuss this among themselves. Then have them decide what they think Father should do (this may be 1, 2, 3, or even 4 of the activities) and circle their choice(s). If desired, have each child write a short sentence explaining his choices, and discuss several children's choices with the class. (Since there are no "right" or "wrong" answers to this question, no child should be made to feel that there are.)

Discussion Questions:

1. According to the pictures, how many different things were there for Father to do? *(six)* Do you suppose that these are the only things that Father could do? *(no)* What other things might he do?
2. Can Father do all the things he wants to do on a Saturday afternoon? *(probably not)* Why not? *(not enough time)* If he cannot do everything that he wants to do, then what kind of a decision must he make? *(he must choose which things he will do)*


THEATRE

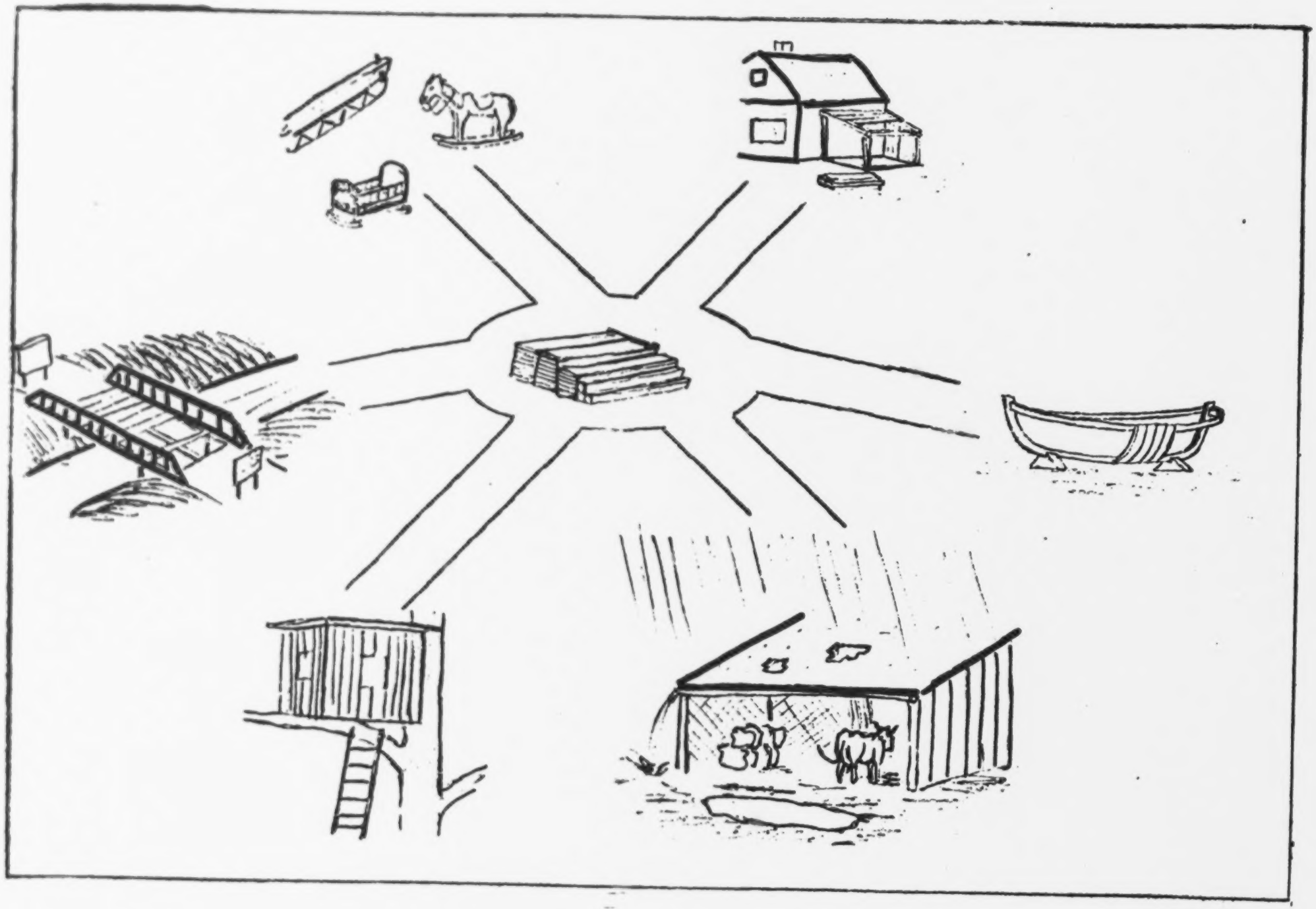
Activity 8: Opportunity cost of resource use

Directions: Discuss with children the possible uses of the resource, lumber, that are pictured around it. Tell them that the other resources needed are available but that there is only enough lumber to do two of the jobs pictured. Have them draw arrows from the lumber to the pictures of the two jobs they would complete with the lumber. (There are no "right" or "wrong" answers.) Next, have them put a large "X" through all the remaining pictures.

Discussion Questions:

1. What is the resource required to complete the jobs? *(lumber)*
2. Why cannot all the jobs be completed? *(not enough lumber)*
3. If there is not enough lumber to do all the jobs, what decision must be made? *(which jobs will be done)*
4. If you decide to use the lumber to build a treehouse and repair the cowshed, what opportunities must you give up? *(fixing the bridge, making toys, and finishing the boat or the addition to the house)*
5. Could we say that lumber is scarce? *(yes)* What do we mean when we say lumber is scarce? *(there is not enough to do everything we would like to do)* In the previous set of pictures dealing with Father's use of Saturday afternoon, what was scarce? *(time)* What does the term "scarce" mean here? *(Father does not have enough labor time to do all the jobs in one Saturday afternoon)*

II-8 (Student page 14)



Economic Generalization III

Households earn money income by selling the services of their productive resources to businesses and, in turn, use household income to purchase goods and services from businesses.

Before introducing children to the worksheets for Economic Generalization III, teachers should examine carefully the material listed below:

1. The Child's World of Choices, pp. 105-106, for a more comprehensive examination of Economic Generalization III.

2. The Child's World of Choices, pp. 107-110, for economic vocabulary and for child-oriented activities.

The list of economic understandings to be developed under Generalization III and which provide the framework for discussion of children's worksheets are noted below:

1. Earnings received from the sale of the services of productive resources to businesses provide most households with their major source of income.
2. The amount of income earned by households depends upon the amount and quality of resources sold to businesses.
3. The amounts and kinds of consumer goods purchased by households from businesses mainly depend upon the amount of income earned by households from the sale of their resources to businesses.
4. Money is continually flowing from households to businesses and from businesses to households as households buy goods from businesses (product market) and sell the services of their productive resources to businesses (factor market).

Activity 1: Money income as a reward for labor services

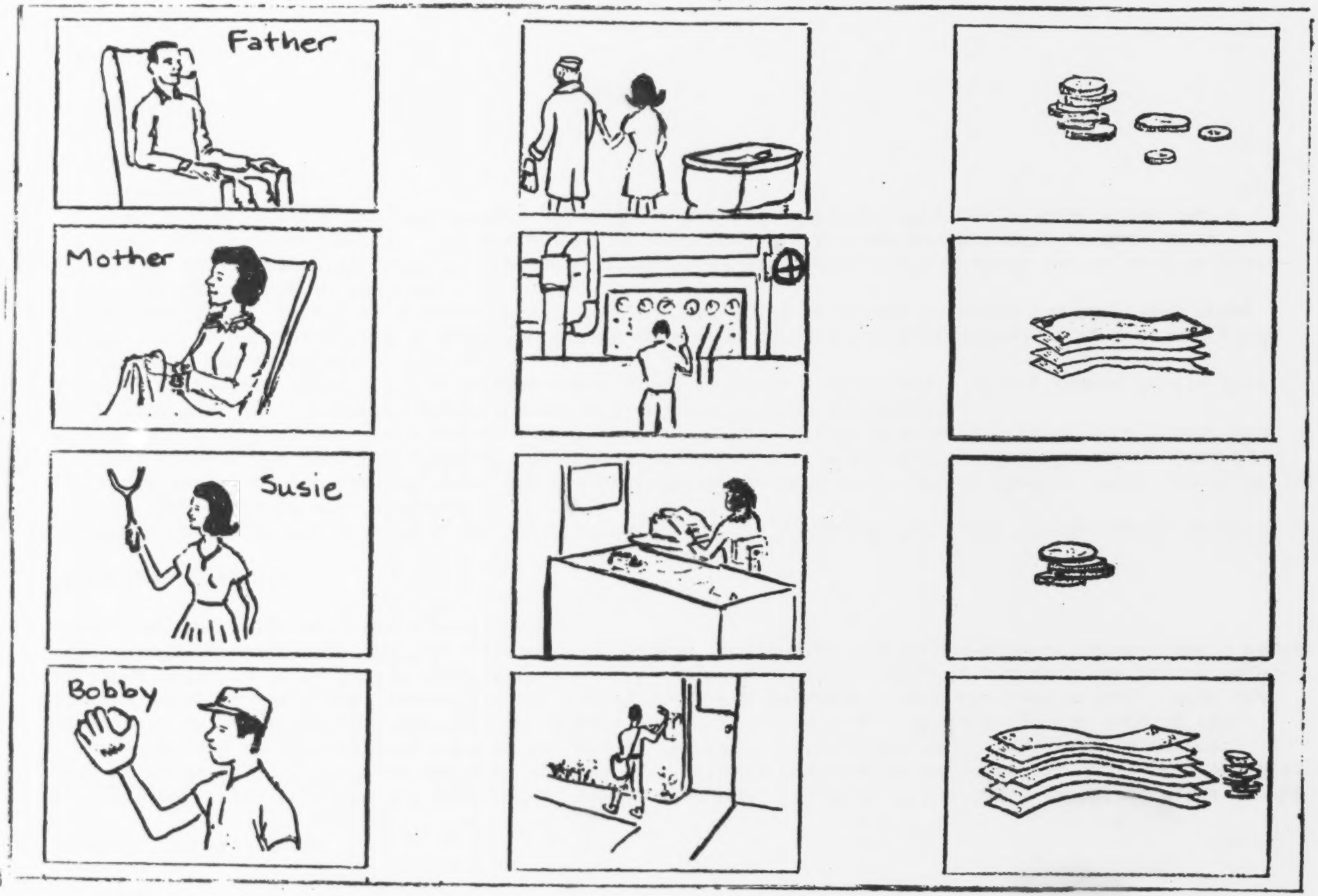
Directions: The children should study the three columns of pictures. The first shows the members of a household--Father, Mother, Susie, and Bobby. The second shows them at their jobs (Father is an engineer; Mother is a secretary; Susie is a babysitter; and Bobby is a paperboy)--selling their productive resource, labor--to earn the money income pictured in the third column.

The children should draw connecting lines from each family member to the picture showing him (her) at his (her) job and to the amount he (she) might earn by selling his (her) labor service in this manner.

Discussion Questions:

1. Who do you think earned the most money? *(probably Father)* Why? *(he has to have highly specialized skills to operate complicated machinery, and the job is also a very responsible one)*
2. If Father earned the highest amount of money, who earned the next highest amount? *(Mother)* Why? *Mothers who are secretaries and receptionists have acquired special skills, including the ability to deal with other people, which commands a higher income than paperboys or babysitters)*
3. Did Bobby or Susie earn the larger income? *(Answer could be discussed in terms of weekly earnings. If Susie babysat only one evening a week, Bobby probably earned the larger income. Children might investigate which types of jobs are done by older brothers or sisters who are still in school and their earnings)*
4. What kind of work might Susie and Bobby do when they finish school? *(Susie: waitress, nurse, meter maid, teacher, secretary, doctor, etc. Bobby: airplane pilot, doctor, factory worker, bank cashier, plumber, etc.)* Will the amount of income Susie and Bobby earn depend mainly upon the type of work they do? *(yes)* What must Susie do if she wants to become a secretary? *(learn to type, etc.)*
5. Discuss with the children the idea of the usefulness of all kinds of work. Children also should be aware of the basic fact that the income which workers receive depends upon the types of work they perform which in turn depends upon the special knowledge, skills, and abilities they acquire and take into the working environment.

III-1 (Student page 15)



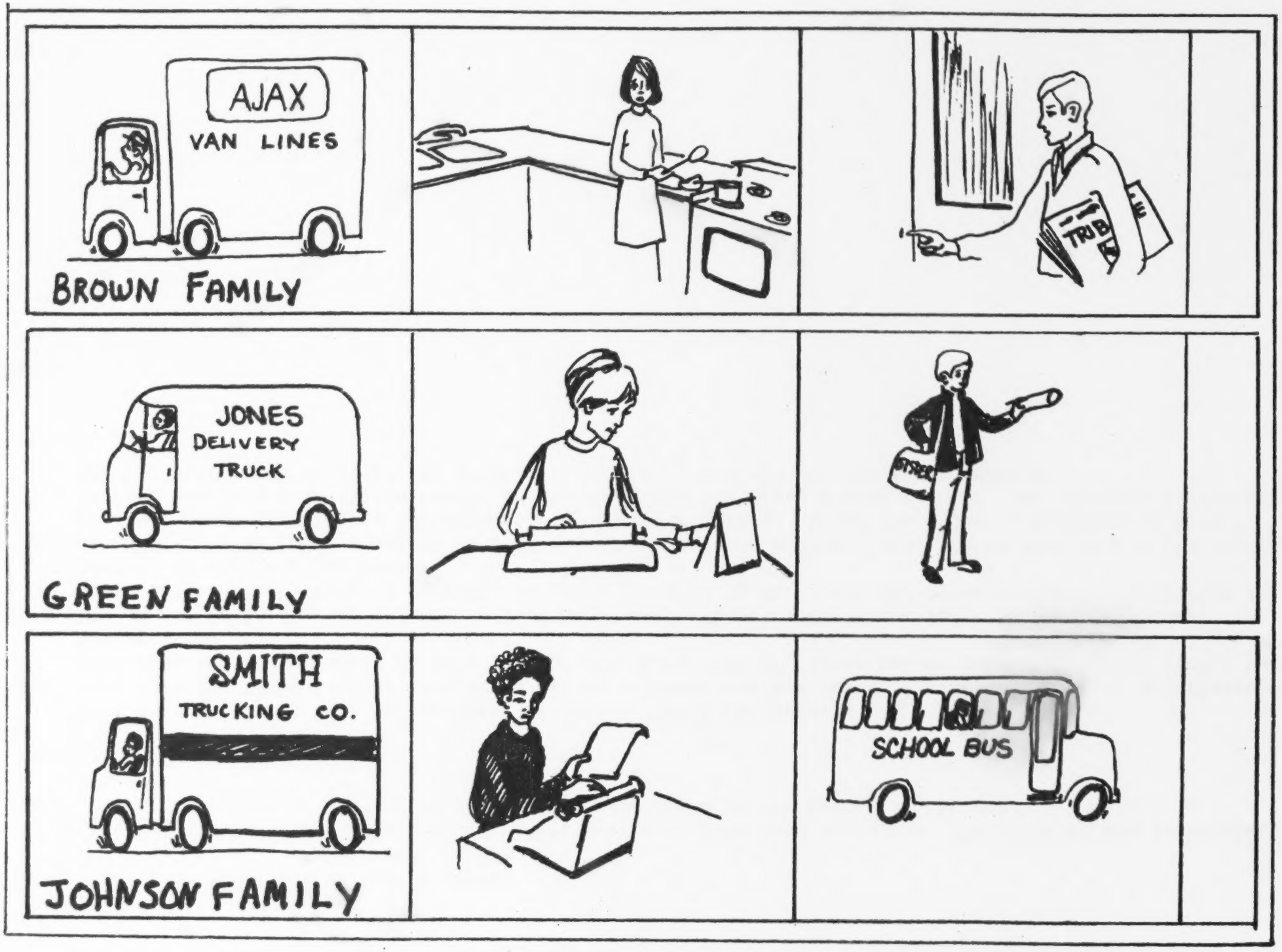
Economic Generalization III

Activity 2: Family income

Directions: Three families are represented in the pictures. In each of the three families, Father works as a truck driver. Mrs. Green and Mrs. Johnson work outside the home as secretaries, while Mrs. Brown is a housewife and is not employed outside the home. The boys in the Brown and Green families deliver newspapers while the Johnson boy does not have a job outside the home. Children should suppose that workers doing similar jobs (truck drivers, secretaries, and paperboys) earn the same income. Have the children indicate which family they believe has the highest income by placing a number one in the right-hand column opposite that family; a number two for the family with the second-highest income; and a number three for the family with the lowest income.

Discussion Questions:

1. Which family do you believe earns the most income? *(the Green family)* Why? *(only family in which all three members are employed)*
2. Which family do you believe earns the second-highest income? *(the Johnson family)* Why? *(both Mr. and Mrs. Johnson are employed although the Johnson boy is not. In the family with the lowest income, Mr. Brown and his son are employed and Mrs. Brown is not. Since a secretary earns more income than a paperboy, the Johnson's family income will be greater than the Brown's)*
3. What do workers receive for providing their labor services to business? *(money income in the form of wages and salaries)*
4. What do households mainly do with the income they earn working for businesses? *(buy consumer goods and services)* So why do workers work? *(because they want goods and services and they need money income to be able to buy them)*
5. Why do businesses hire workers? *(because workers can help produce goods which can be sold to households or other businesses)* Are workers hired by businesses because workers need to feed their families or because they can produce goods and services? *(because they can produce goods and services)*


AJAX
VAN LINES
BROWN FAMILY
JONES
DELIVERY
TRUCK
GREEN FAMILY
SMITH
TRUCKING CO.
JOHNSON FAMILY
SCHOOL BUS

Economic Generalization III

Activity 3: Source and use of family income

Directions: After the pictures and incomplete sentences have been explained, the children are to complete each of the sentences by writing in the correct term found at the bottom of the page.

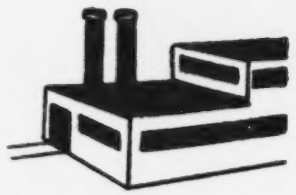
Discussion Questions:

1. What does Mr. Jones sell to the Saxby Company? *(labor services)*
2. What does the Saxby Company give Mr. Jones in exchange for his labor services? *(wages or salaries--money income)*
3. What does the Jones family do with part of the wages that Mr. Jones has earned? *(buys food from a business--supermarket)*
4. Why is the Saxby Company willing to hire Mr. Jones? *(because Mr. Jones helps to produce goods)*
5. What will the Saxby Company do with the goods produced by Mr. Jones and other workers? *(sell them to households or other businesses)*
6. Can all kinds of goods produced by sold? *(no, workers who make mud pies, tires that do not fit wheels, or other goods that no one wants cannot expect to sell them)* Would you expect a business to hire workers who lack work skills needed to produce goods that people want to buy? *(no, because businesses need to sell goods to people to be able to pay wages and salaries to their workers)*

Jones Family

Mr. Jones sells his ——— to the Saxby Company.

The Saxby Company pays ——— to Mr. Jones.



Saxby Company

Jones Family

The supermarket sells ——— to the Jones Family.

The Jones Family pays ——— to the supermarket.

Supermarket

wages money prices labor services food

Economic Generalization III

Activity 4: Performance of economic activities by households and businesses

Directions: Explain to the children that they are to draw an arrow from either the house or the business to each of the boxes on the right, indicating where the activity is usually performed.

1. Arrows should connect the house and boxes 2, 4, 5.
2. Arrows should connect the business and boxes 1, 3, 6.

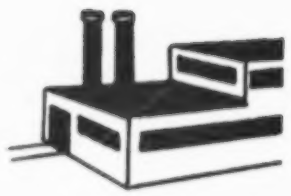
Discussion Questions:

1. What must happen before households can consume goods and services? *(goods and services must be produced)*
2. Where do households obtain most of the goods they consume? *(they buy them from businesses rather than producing them within the home)*
3. What must households have to be able to obtain goods and services from businesses? *(in order to pay prices charged for goods, households must have money income)*
4. What is the major source of income for most households? *(the wage and salary income they receive from the sale of their productive resource, labor)*
5. What do businesses do? *(hire the services of productive resources, produce goods, sell goods)*
6. Where do businesses obtain the income they use to buy resources to produce goods and services? *(from the sale of goods and services to households and to other businesses)*

Produces goods and services

CONSUMER
Buys goods and services

Buys productive resources



Consumes goods and services

Sells productive resources

Sells goods and services

Economic Generalization IV

Some of people's wants for goods and services are satisfied through government.

Before introducing children to the worksheets for Economic Generalization IV, teachers should examine carefully the material listed below:

1. The Child's World of Choices, pp. 113-115, for a more comprehensive examination of Economic Generalization IV.

2. The Child's World of Choices, pp. 116-120, for economic vocabulary and child-oriented activities.

The list of economic understandings to be developed under Generalization IV and which provide the framework for discussion of children's worksheets are noted below:

1. Government, as well as private businesses, provides goods and services to households (goods which normally would not be provided by private businesses or which would not be provided in the desired quantities).
2. Goods and services provided by government require the use of scarce resources in their production (some goods which government provides to households are produced by government, but many of these goods are produced by private businesses).
3. Government must have a source of income if it is to provide households with goods and services (as is the case for any business firm or household, government, in order to obtain them, must purchase goods or the services of productive factors in the marketplace).
4. Due to "resource scarcity" the provision of government goods and services includes choice making (choices must be made between the various public and private goods and services which could be produced and among the various public goods and services which could be produced).
5. The opportunity cost of the use of resources in the production of government goods and services is the other goods and services both public and private, which could have been produced.

Economic Generalization IV

Activity 1: Goods and services government provides

Directions: Discuss with the children the goods and services shown in the pictures. Have them put an "X" next to each one which shows a good or service provided to households by government.

zoo or city park	X	car		school	X
sundae		fire truck	X	newspaper boy	
policeman	X	wagon		mailbox	X

Discussion Questions:

1. If you can have only one of the governmental services, which one would you choose? Why? Note on the chalkboard the number of children choosing each governmental service.
2. Which one would be your second choice? Why?
3. Which of these governmental services do you think is least important? Why?

MAIL

Activity 2: Life without governmental goods and services

Directions: Pictures are presented in pairs running from left to right. Ask children to interpret what they see in each picture. Reading from left to right the pictures show:

1. Neighborhood with paved sidewalks and streets
   Neighborhood without sidewalks and with mud roads with deep ruts

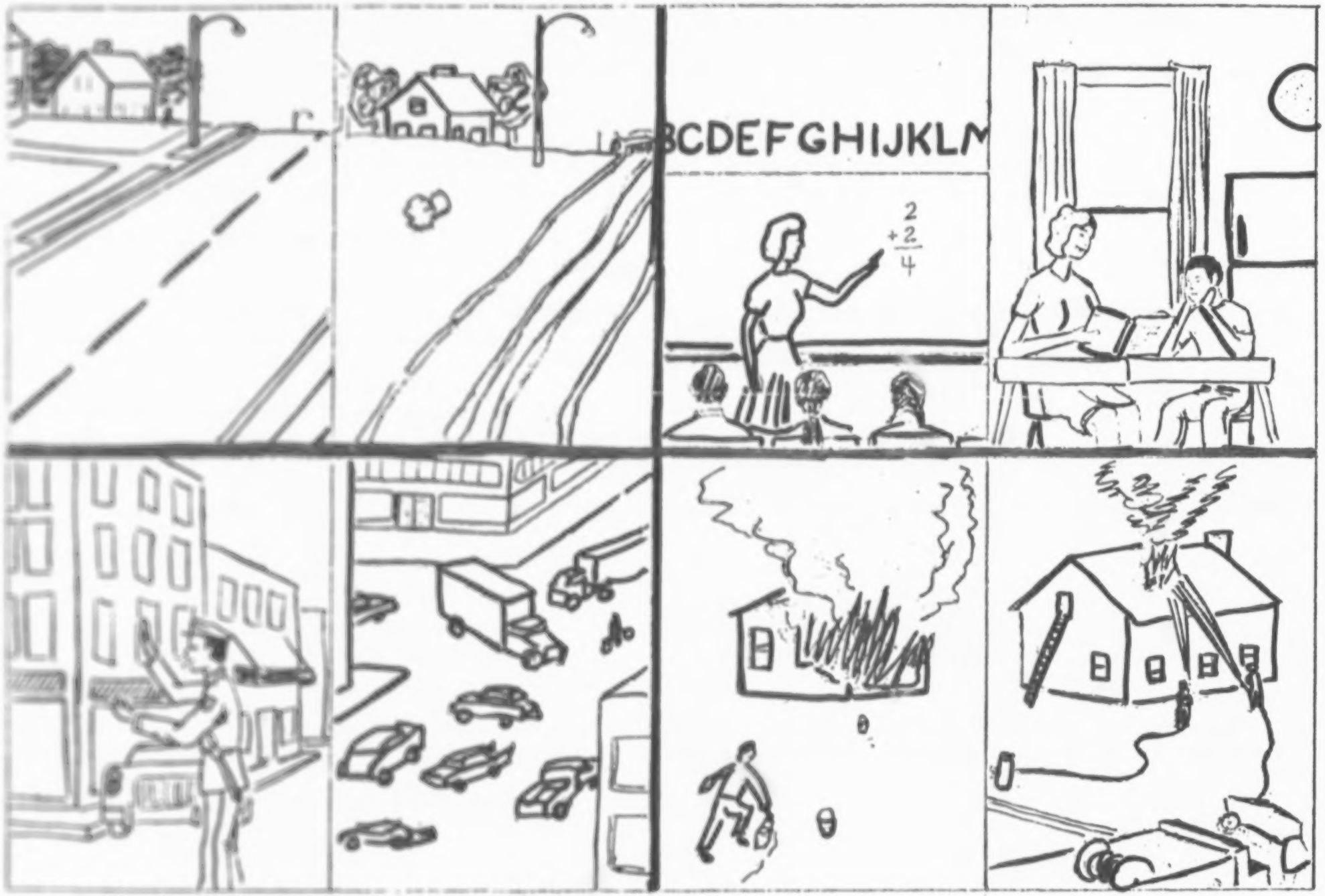
2. Teacher (specialist) working with children in classroom
   Mother teaching her child at home

3. Policeman directing traffic according to rules
   Traffic jam because of the lack of traffic rules and police direction

4. Man attempting to put out house fire with bucket of water because of absence of fire department
   Fire truck and firemen putting out house fire

Discussion Questions:

1. Looking at the pictures, in which kind of town would you rather live? Why?
2. Do you think our town has always had paved roads, public schools, and fire protection? *(no)*
3. Are there some places that still don't have some of these services? *(yes--certain parts of the U.S. and most underdeveloped countries)*
4. What do we need to keep traffic moving smoothly besides traffic lights or an officer directing traffic? *(laws and regulations including licensed drivers who understand and are willing to obey them, streets in good repair, one-way streets, snow plows and crews in the winter, signals at railroad crossings, etc.)*
5. Does your city have traffic problems? *(too many accidents at certain intersections, irresponsible drivers, traffic jams coming and going to work, insufficient parking space, etc.)*
6. What new governmental service or what improvement in an existing governmental service is most needed in your community?


BCDEFGHIJKLM
2
+2
4

Economic Generalization IV

Activity 3: Government's need for money income

Directions: After the children have studied and discussed each picture, have them put an "X" in the boxes with the pictures showing why government needs money income. Reading from left to right, the pictures show:

1. fireman, uniform, and hose	X	4. paved road and sidewalk	X
2. flower bed, clouds, and rain		5. teacher, blackboard, and chalk	X
3. police car	X	6. bicycle	

Discussion Questions:

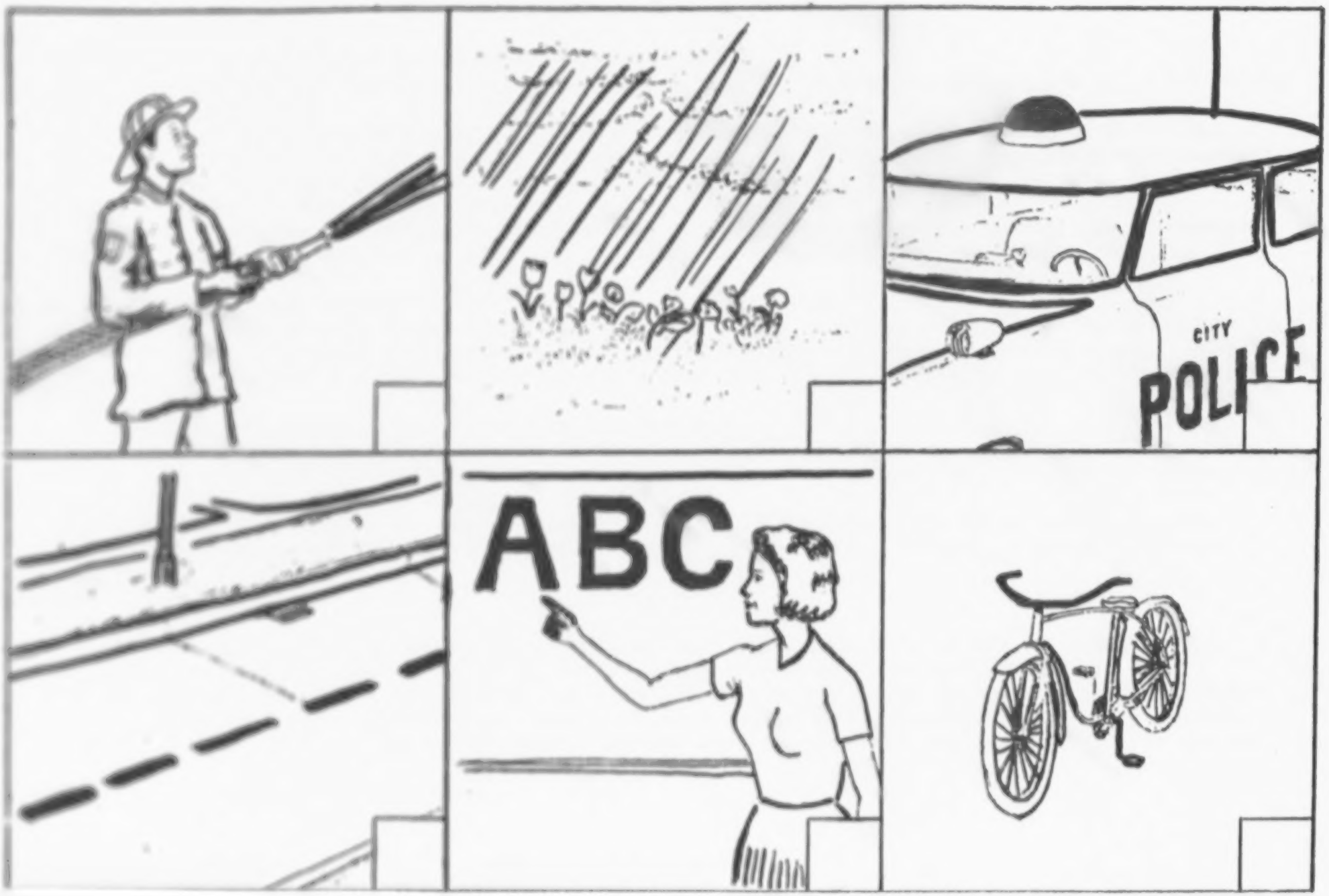
With reference to the first picture, ask the children why they believe the man became a full-time fireman.

1. Does he have to support anyone? *(even if he doesn't have a wife and children he must support himself)*
2. What does he need in order to buy goods for his family? *(money income)*
3. Would he be a fireman if he did not get paid? *(probably not)*
4. Who pays him? *(city government)*
5. Where does the city government get its money income? *(from households and businesses)*
6. What do we call this money income paid to government? *(taxes)*
7. What do households and businesses get in exchange for the taxes they pay? *(goods and services provided by government)*

Now ask the children to examine the police car.

1. How is it different from the car your parents drive? *(differs only in the special equipment)*
2. How do you suppose the police department got the car? *(bought it from a car dealer)*
3. What did the police department need in order to buy the car? *(money income)*
4. Will the police department need somebody to drive the car? *(yes)*
5. Will the driver have to be paid? *(yes)*
6. Where does the police department get the income it needs to hire labor and buy equipment? *(from the city government which in turn obtains it from households and businesses)*
7. What do we call the money payments which households and businesses make to government? *(taxes)*
8. What do households and businesses receive in exchange for their tax payments? *(governmental goods and services)*

IV-3 (Student page 21)



Activity 4: Public goods vs. private goods

Directions: Look at the first row of pictures. Because sales to consumers had dropped off, the factory in which Mr. Todd worked had to lay off Mr. Todd. He has a chance to go to work for the Toy Factory or to work for the city and become a policeman. Both want him to work for them very much. Which job would you choose if you were Mr. Todd? Mark an "X" in the second box if you think Mr. Todd should be a policeman, or mark an "X" in the third box if you think Mr. Todd should work in the Toy Factory.

Discussion Questions:

1. If Mr. Todd takes the job at the Toy Factory, what will happen to the production of toys? to the amount of police services provided? *(there will be more toys produced but fewer police services provided to the community than might have been provided)*
2. If Mr. Todd takes the job as a policeman, what will happen to the production of toys? to the amount of police services provided? *(there will be more police services provided to the community, but there will be fewer toys produced than could have been produced)*

You have made your choice, but now Mr. Todd tells you that there is a difference in the salary paid for the two jobs. He will receive $500 a month as a policeman and $600 a month as a factory worker. (Have the children put these amounts in the pictures in row 2.) Decide which job you think Mr. Todd should take. Mark an "X" in the appropriate box.

3. Have you changed your choice? If yes, why? If you have not changed your choice, why not?
4. If the city government needs another policeman and Mr. Todd needs a job, why doesn't the government force him to become a policeman? *(everyone is free to choose his occupation)*
5. Does the city government have to hire everyone who wants to be a policeman? *(no)* Why? *(some persons could be too young or too old, and they might not meet certain physical and educational requirements; also, the city can hire only a limited number of policemen regardless of the number of people who want to be policemen)*
6. Why do you suppose city governments find it difficult to hire policemen today? *(they don't pay enough to get the kind of men they want for that kind of job)*

POLICE
ABC TOY CO.

POLICE
ABC TOY CO.

Economic Generalization IV

Activity 5: Choice making

Directions: The City Council has listened to many groups in the city and is aware that the city has many needs. But since its money income (tax receipts) is limited, it cannot satisfy all wants of people in the community.

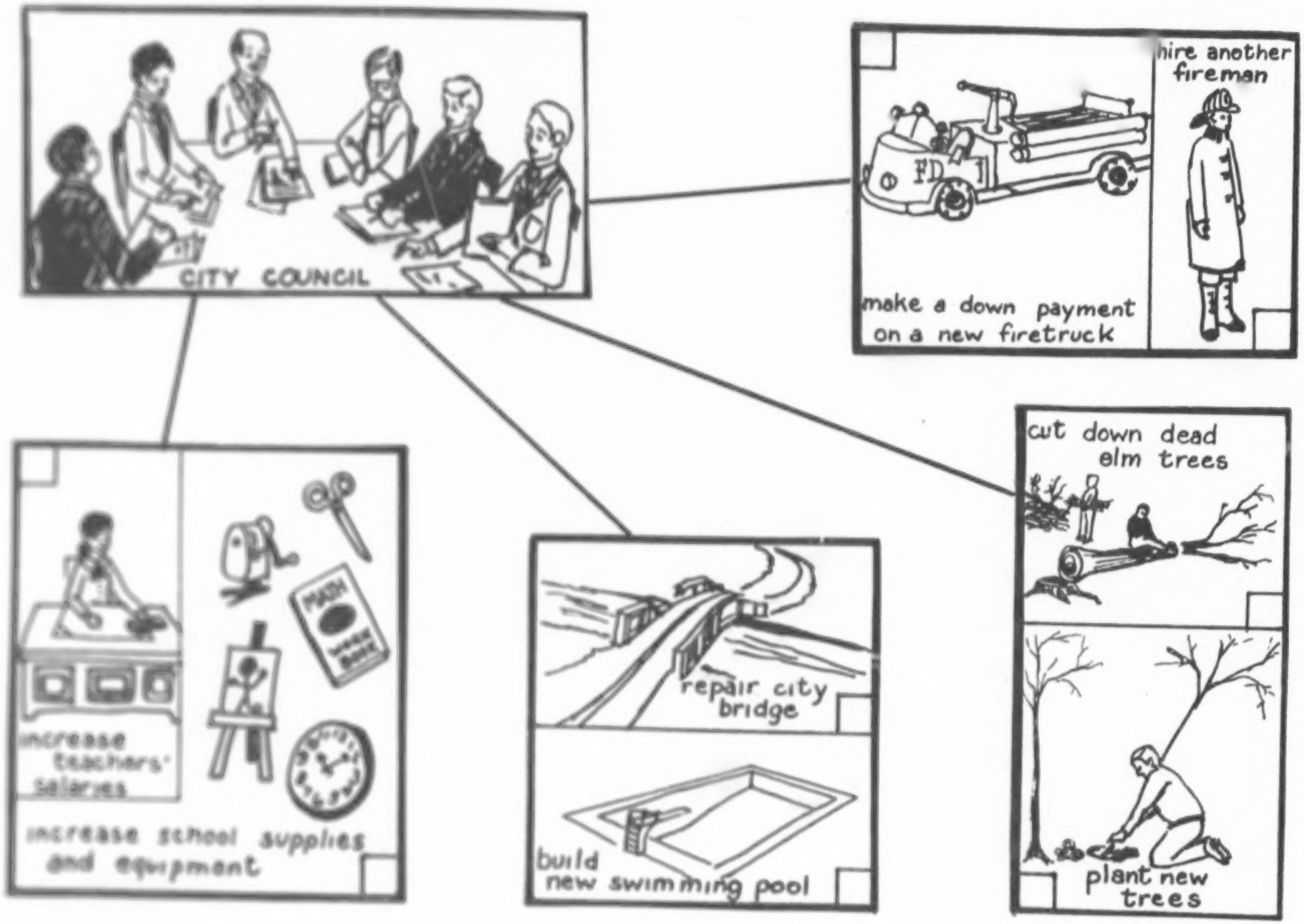
The City Council has made a number of decisions. For example, the fire chief has said that he needs another fireman and that the fire department needs to replace an old fire engine. However, given the many needs of the city, the Council knows that both wants of the fire chief cannot be satisfied.

Discussion Questions:

1. Supposing you are the Council, which want would you satisfy?
2. Why can't both wants be satisfied? *(city income [taxes] is limited, and part of the city income must be used to satisfy other wants)*
3. What is the opportunity cost of satisfying one of these wants? *(giving up the possibility of satisfying the other want)*
4. What would the citizens have to do in order for the city to satisfy both of these wants? *(pay more taxes)*
5. What happens when people pay more taxes? *(they have less income with which to buy consumer goods directly from businesses; they have more goods and services provided by government)*
6. What is the opportunity cost of more public goods? *(private goods)*
7. What is the opportunity cost of more private goods? *(public goods)*
8. Why can't all people's wants for public and private goods be satisfied? *(because goods must be produced with the use of resources, and there are not enough resources to produce all the goods and services people want)*
9. What is the opportunity cost of using resources to produce a particular good? *(you give up the opportunity to use these resources in the production of some other good)*

Have the children continue to make decisions (choices) for the Council with respect to the other pairs of items and discuss the questions noted above.

IV-5 (Student page 23)


CITY COUNCIL
make a down payment on a new firetruck
hire another fireman
increase teachers' salaries
increase school supplies and equipment
repair city bridge
build new swimming pool
cut down dead elm trees
plant new trees

Economic Generalization V

Households may save part of their money income.

Before introducing children to the worksheets for Economic Generalization V, teachers should examine carefully the materials listed below:

1. The Child's World of Choices, pp. 121-123, for a more comprehensive examination of Economic Generalization V.

2. The Child's World of Choices, pp. 124-133, for economic vocabulary and for child-oriented activities.

The list of economic understandings to be developed under Generalization V and which provide the framework for discussion of children's worksheets are noted below:

1. Previously, we have examined the major source of income for most households (earnings received from the sale of the services of productive factors) and two uses of household income (purchases of consumer goods and services and payment of taxes).
2. Saving is another alternative use of household income.
3. Household saving is that part of household income which remains after the payment of taxes and the purchase of consumer goods.
4. Saving, by most households, involves a choice situation, i.e., the consumption of goods and services in the current period may be reduced in favor of increased savings now and increased consumption in the future.

Economic Generalization V

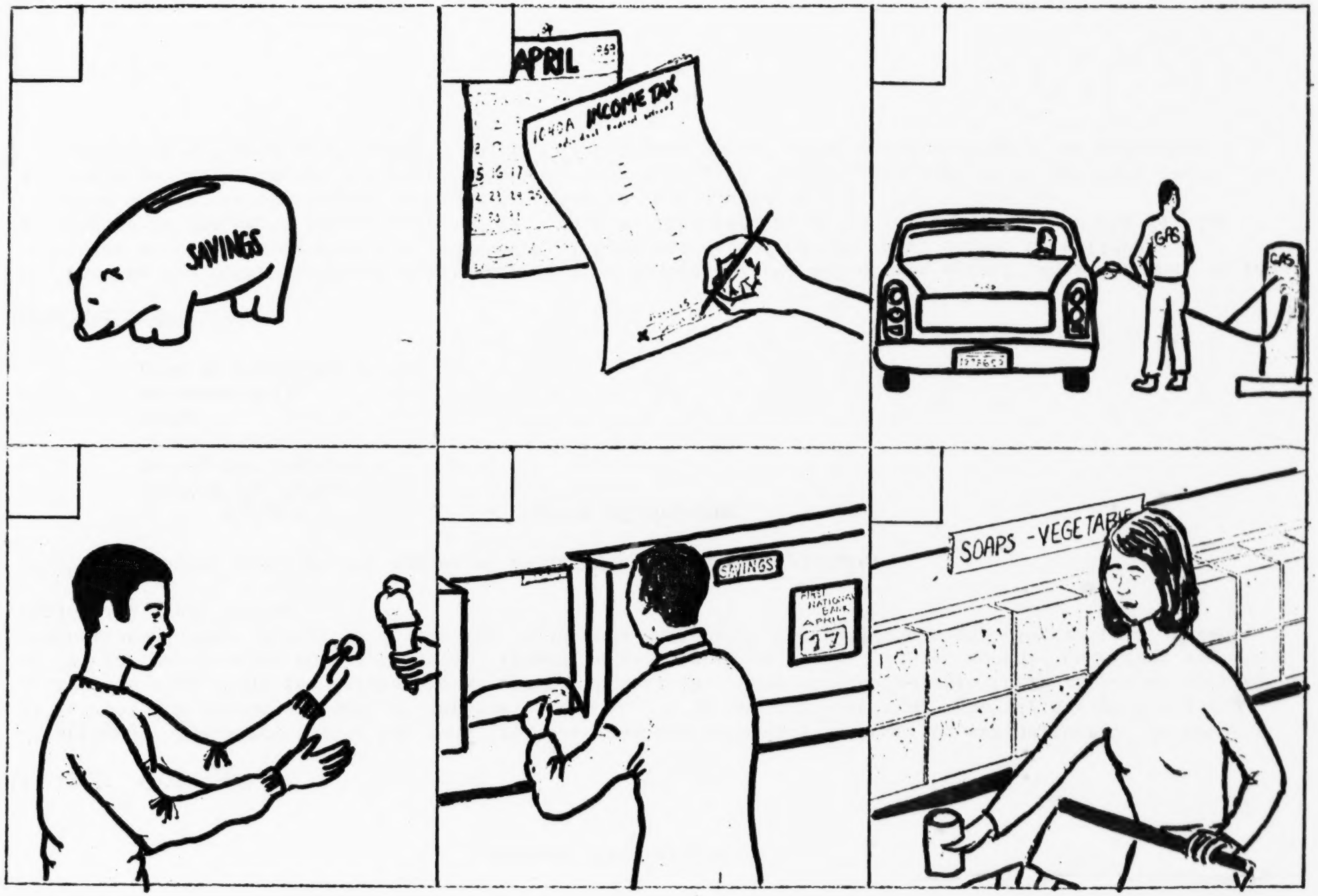
Activity 3: Uses of Household Income

Directions: Discuss the pictures, and have the children place a "C" in the box of each picture showing income used to buy consumer goods or services. Next have them put an "S" in the box of each picture showing income which is saved. Finally, have the children put a "T" in the boxes showing income used to pay taxes.

Discussion Questions:

1. What are the three ways in which household income may be used? *(to buy consumer goods, to pay taxes, or to save)*
2. According to the pictures, where do people put their savings? *(in a "piggy" bank or in a savings account in a regular bank)*
   What is the advantage of putting your savings in a savings account in a bank? *(the bank pays you interest)*
3. After a family uses part of its household income to pay its taxes, what can it do with the remainder of its household income? *(it can spend all of it on consumer goods, or it can spend part of it on consumer goods and save part of it)*
4. If a family uses all its income to pay its taxes and buy consumer goods, how much of its income will the family be able to save? *(none; saving is the part of household income left after tax payments and purchases of consumer goods)*
5. Do you sometimes pay taxes when you buy consumer goods? *(yes, a sales tax is added to most purchases, and the price of gasoline includes the gasoline tax)*

V-1 (Student page 24)



Activity 2: Choice making

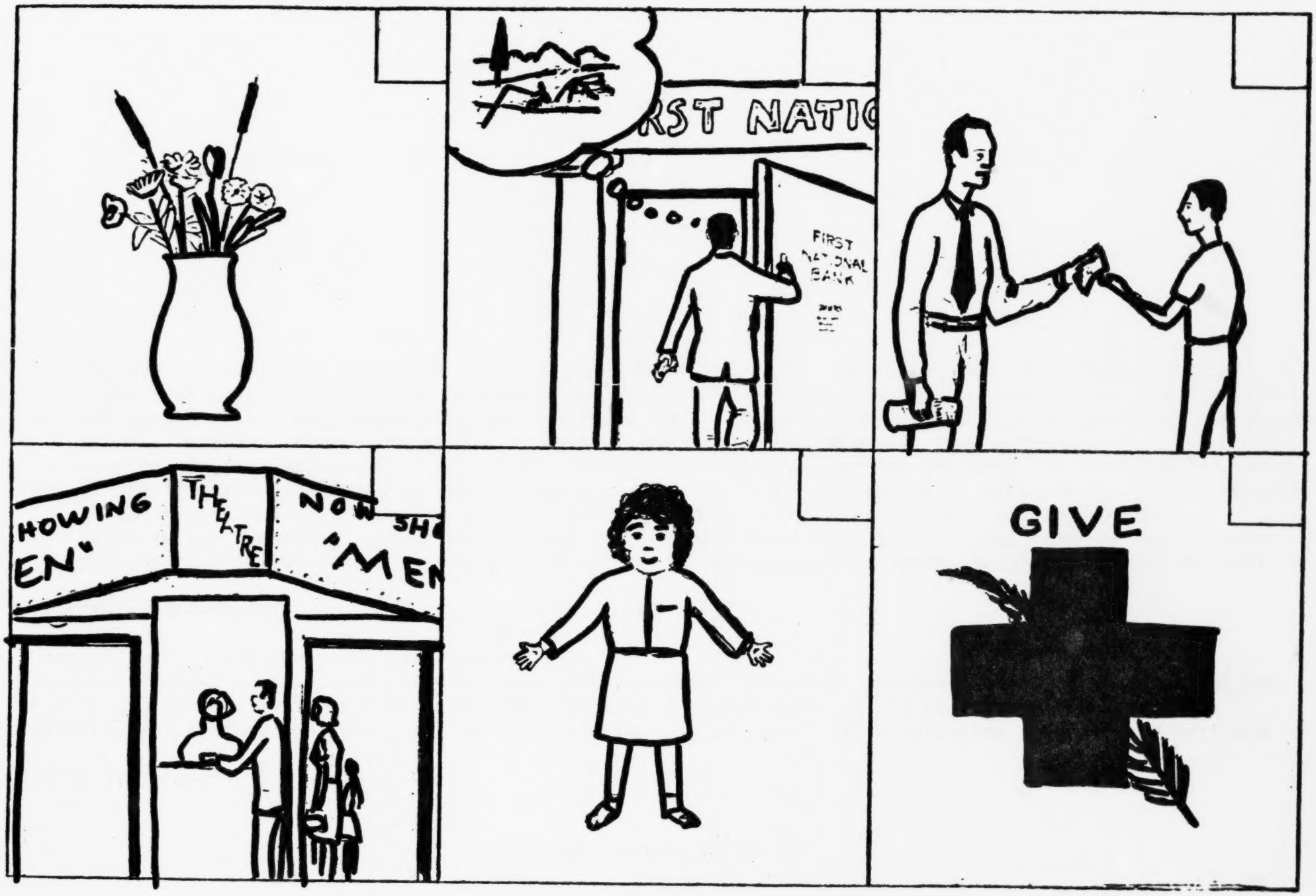
Directions: The Smith family has paid its taxes and has made many consumption expenditures. It now has $4 left of its income and must decide how to use it. Have the children study the various pictures and decide how they think the Smiths should use their last $4. They should indicate their choice by putting an "X" in the box next to the picture. (There is no "right" or "wrong" answer to this question, and the teacher should not attempt to direct the children's choices.) The children might also write a sentence explaining their choice.

On the chalkboard tabulate the number of children choosing each picture.

Picture	Number of children
flowers for Mother	
saving for vacation	
money to son	
movie	
purchase doll	
give to Community Chest	

Discussion Questions:

1. What do you think the Smith family should do with its $4? Do all of you agree? What did most of you think should be done with the $4? Which picture was chosen by the least number of children?
2. Why would the Smith family save the $4? What do they want to do in the future? *(use the $4 plus more savings in the future to buy a tent and go on a camping trip)*
3. Would you rather spend all your income and have more goods now or save some of it and have fewer goods now and more goods later? *(matter of personal choice which can change with the situation)*


RST NATIO
FIRST
BANK
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GIVE

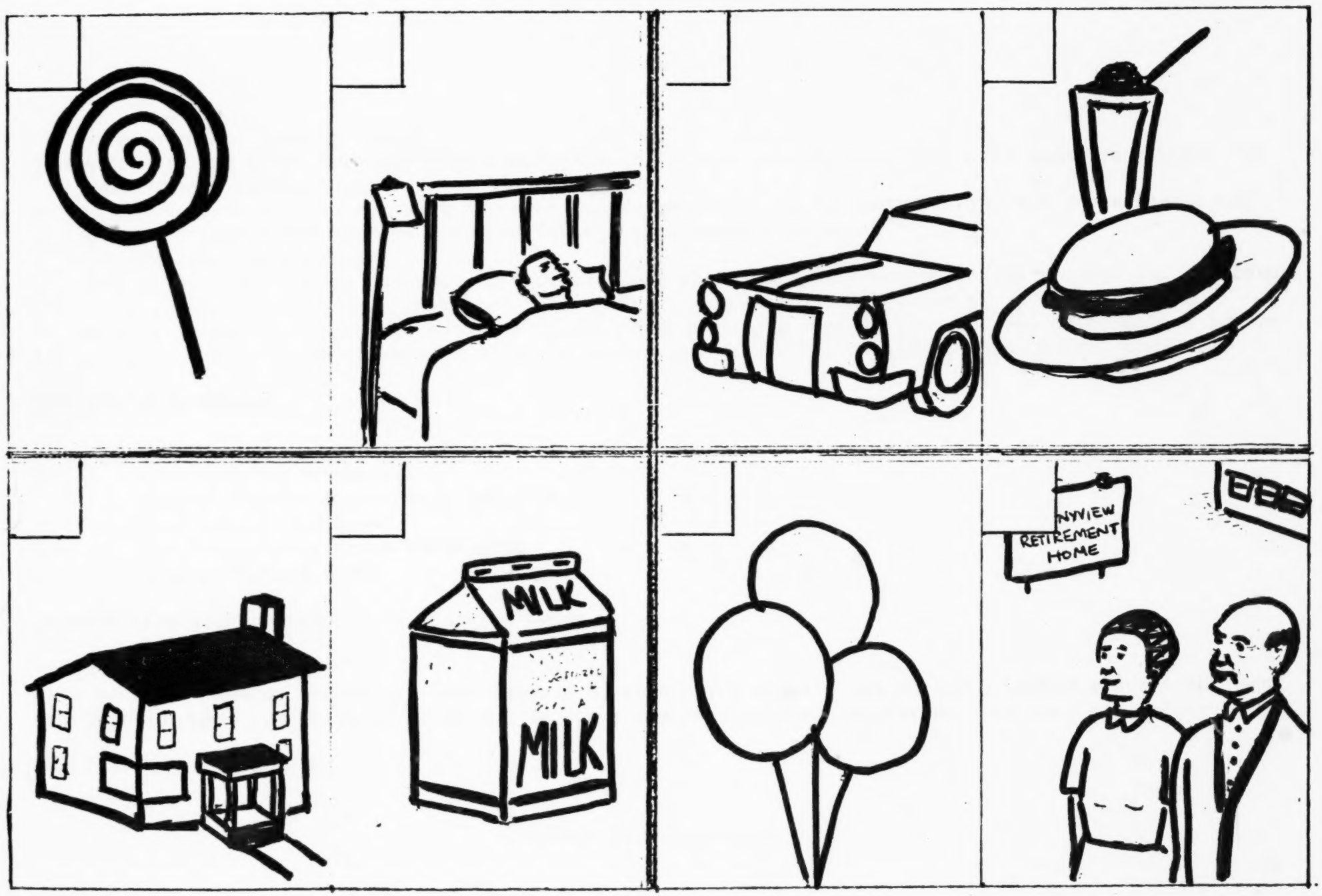
Activity 3: Reasons for saving

Directions: Discuss the four pairs of pictures with the children. Then have them look at each pair and put an "X" next to the picture showing something that a family probably has to save for--or use their savings in order to purchase. Reading from left to right: lollipop, hospitalization; car, hamburger and sundae; house, milk; balloons, retirement.

Discussion Questions:

1. Do most families save some of their money income in case members of their family become ill and have to be in the hospital? *(some, but not all families do; also, some families set aside a part of their income weekly or monthly to pay for some type of hospitalization plan should they become ill)*
2. Do most families save part of their money income so that they can buy a car or a house? *(most families save at least enough money to make a down payment on a car or a house; generally, a considerable down payment is required on a new car or a house before anyone will agree to sell them)*
3. Why should Mother and Father save for their old age? *(so that they will be able to buy goods and services after they retire; many people receive Social Security payments from the government, and some receive private pensions, but these payments are usually much smaller than the income earned while working)*

V-3 (Student page 26)



Economic Generalization V

Activity 4: Uses of savings

Directions: Have the children study the pictures and be sure they understand what each one depicts. Then instruct them to put an "X" next to each picture which shows a way in which people might keep their savings.

Reading from left to right, the pictures show:

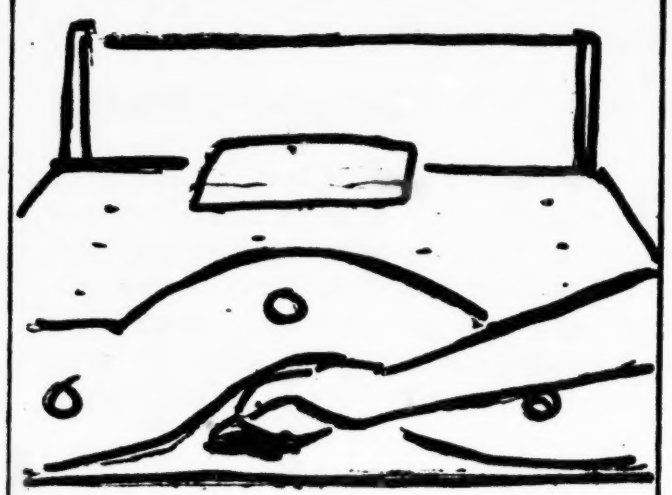
Father cutting grass	
boy putting coin into piggy bank	X
girl buying candy bar	
Mother putting money under mattress	X
sack full of groceries	
First National Bank	X

Discussion Questions:

1. Which of the pictures shows ways in which people may keep their savings? *(the "piggy" bank, the mattress, and the First National Bank; remind children that savings is that part of household income which is not spent by the household, regardless of where this money is kept)*
2. What do the pictures of the sack of groceries and the money being exchanged for a candy bar represent? *(consumption expenditures)*
3. What is Father doing when he cuts the grass? *(producing a service)*
4. If Mother buys a dress which is on sale, is she saving or is she making a consumption expenditure? *(consumption expenditure)*
5. What will the First National Bank probably do with your saving? *(it will make loans to persons who want to borrow from the bank)*

V-4 (Student page 27)

SAVINGS



Economic Generalization V

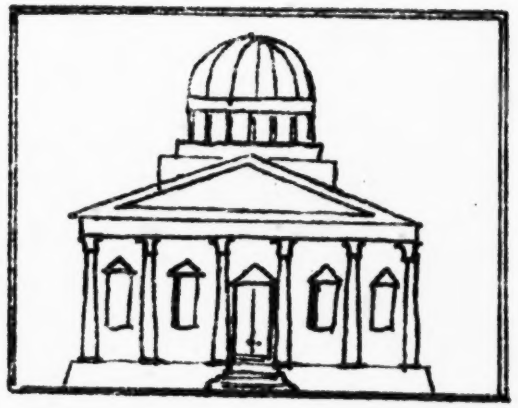
Activity 5: Uses of household income

Directions: Have the children cut out the pictures of the household, store, government building, and bank on page 65 (Student page 28) and put them in their correct places on page 67 (Student page 29). Then have them cut out the five labels on page 65 (Student page 28)--taxes $10, government goods, etc.--and place them in what they believe to be the correct arrows on page 67 (Student page 29).* After the teacher has checked the pictures and arrows, the children may paste them to the sheet. Finally, the children should fill in the correct money sums after each of the terms listed directly below the picture of the household on page 67.

Discussion Questions:

1. What are the three ways in which households use their income? *(to buy consumer goods--consumption expenditures; to pay taxes to government; and to save)*
2. If households decide they want more goods and services from government, how might this affect the following items:
   a. household tax payments? *(increase)*
   b. household consumption expenditures? *(assuming no change in household income, then increased tax payments will result in a reduction of household consumption expenditures or a reduction in household saving or some combination of these two)*

*Reading from top to bottom, the correct answers are: consumption expenditures, consumer goods, taxes, government goods, saving.



99

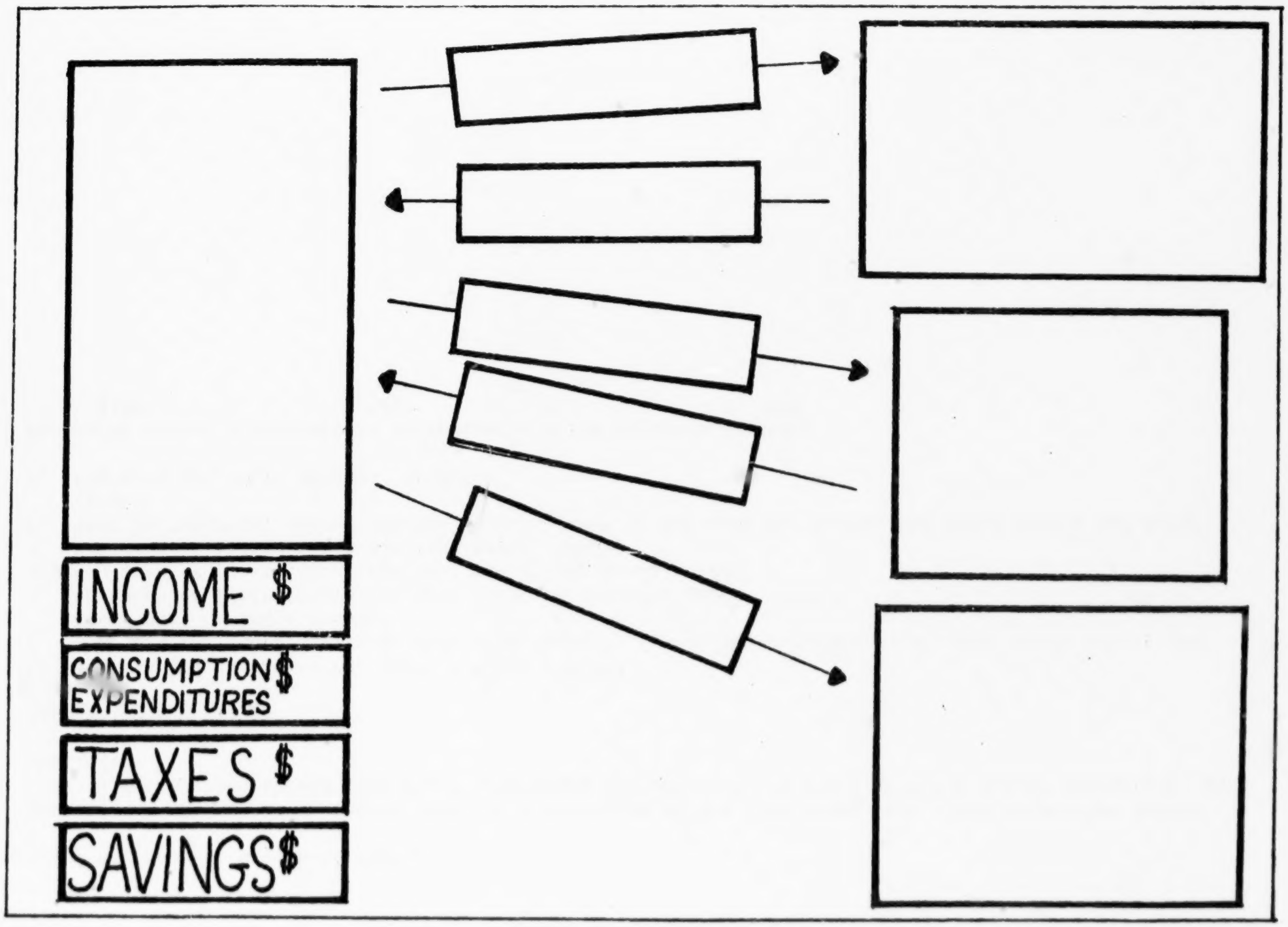
TAXES $10

GOVERNMENT GOODS

CONSUMPTION EXPENDITURES $80

SAVINGS $10

CONSUMER GOODS $80


INCOME $
CONSUMPTION EXPENDITURES $
TAXES $
SAVINGS $

Economic Generalization V

Activity 6: Uses of household income

Directions: The children should read the definitions at the left along with their respective dollar amounts. They then should draw lines connecting the words on the right to their proper definitions on the left.

Discussion Questions:

1. What is the income of the Jones family? *($100)*
2. What did the Jones family do with this income? *(purchased consumer goods, paid their taxes, and saved part of their income)*
3. How much of their income did they spend on consumer goods? *($80)*
4. How much of their income did they use to pay taxes? *($10)*
5. How much of their income did they save? *($10)*
6. What is the total amount the Jones family used to buy consumer goods, pay their taxes, and save? *($100)*
7. How much was their income? *($100)*

Household income = consumption expenditures + tax payments + saving
$100 = $80 + $10 + $10

Money payments made by the Jones family to businesses for goods and services	$80
Money payments the Jones family makes to government	$10
Money not spent for goods and services or paid to government	$10
Wages earned by Mr. Jones	$100

Taxes
Saving
Income
Consumption Expenditures

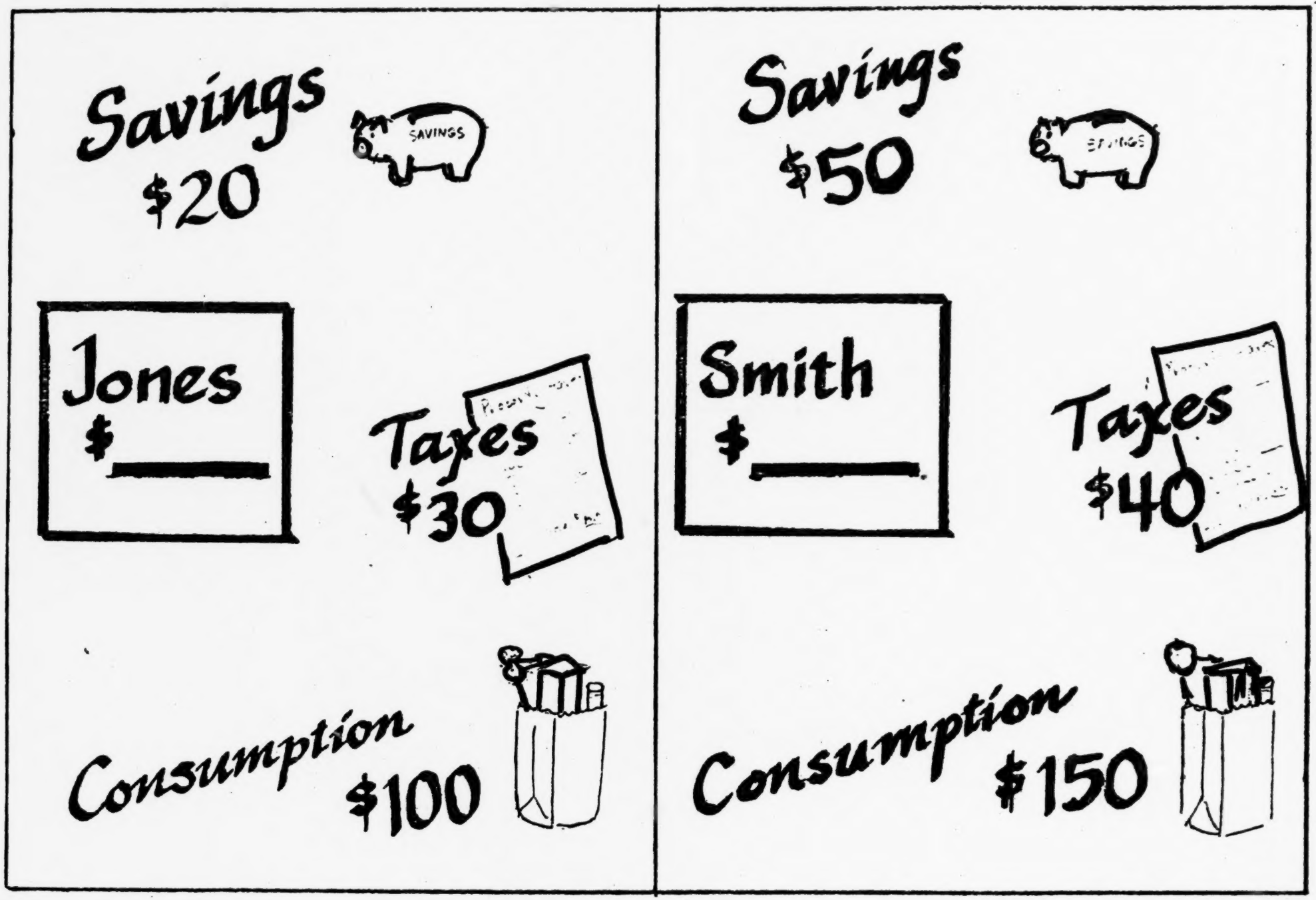
Economic Generalization V

Activity 7: Size of income

Directions: The children should think about the consumption expenditures, taxes paid, and savings of each family. Then, in the appropriate boxes, have them write in the amount of income received by the Jones and Smith families as indicated by these figures. (Incomes are $150 and $240, respectively.)

Discussion Questions:

1. What are the three ways in which a household can use its income? *(buy consumer goods and services [consumption], pay taxes to government, and save that part of income remaining after consumption expenditures and tax payments)*
2. Which family spent the most on consumption and paid the most in taxes? *(Smith family)*
   Which family saved the most? *(Smith family)*
   Why could the Smith family buy more consumer goods, pay more taxes, and still save more than the Jones family? *(because of larger income)*
3. What would you expect the Jones family to do if its income increased from $150 to $200?
   a. buy more or less consumer goods? *(more)*
   b. pay more or less taxes? *(more)*
   c. save more or less? *(more)*
4. Suppose that the Smith family decided to save $10 more. Also suppose that they still have the same income and pay the same taxes. What must go down if they are to save $10 more? *(consumption)*
   How much must their consumption expenditures go down to save $10 more? *(consumption must decrease $10)*


Savings
$20
SAVINGS
Jones
$_____
Taxes
$30
Consumption
$100
Savings
$50
Smith
$_____
Taxes
$40
Consumption
$150